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**IS THERE A CONVERGENCE OCCURRING BETWEEN THE  
EVOLUTIONISTS AND THE REGULATIONISTS?**

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The purpose of this paper is to compare the foundations of two theoretical lines that have frequently been used in political economy<sup>1</sup>: the evolutionist and the regulationist. The choice of these two, among so many other epistemological frameworks, is not random. It is justified by the broadness of their pretensions (structural changes and the long term dynamic of the developed capitalist economies), their age (both are around twenty years old) and, evidently, by their growing influence among Brazilian researchers.

The basic premise is that these two lines are still closely linked to their respective parents: the works of Schumpeter and Marx. That is, both their similarities and their differences are more in their genetic codes than in their adaptations to the environment in which they developed: neoclassical microeconomics and Keynesian and Kaleckian macroeconomics. There may be evolutionists who are not (neo)Schumpeterians and regulationists who are not (post)Marxists. But they would be isolated cases. The root of the evolutionist line is Schumpeterian (Nelson & Winter, 1982), just as the root of the regulationist line is Marxist (Aglietta, 1979).

The first part of this paper is devoted to a quick presentation of the aspects Marx's and Schumpeter's methodologies have in common. The second deals not with all the discrepancies between the two lines of thought, but rather highlights that which is at the core of the current divergences between the evolutionists and the regulationists. And in parts 3 and 4, recent developments from this debate are described, with a view to detecting possible avenues to convergence.

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<sup>1</sup> For a good definition of 'political economy' see Katouzian (1980:178-183).

## 1. Similarities

The most important point Marx and Schumpeter have in common - and what separates them radically from other great thinkers - is the importance they both give to history in their respective methodologies. There can be no doubt on this point, as Schumpeter himself always emphasized that his dissatisfaction with neoclassical economics led him to construct a vision of economic development that he considered "parallel" to that of Marx, the first great economist not to put theory and history into separate compartments.

His praise of Marx in 'Theory of Economic Development', might be considered juvenile exaggeration, as it was published in 1911 when he was only 28. Notwithstanding, it is also quite frequent in his more mature works. For example, in *Capitalism, Socialism, and Democracy*, published in 1942, he says:

*“Economists always have either themselves done work in economic history or else used the historical work of others. But the facts of economic history were assigned to a separate compartment. They entered theory, if at all, merely in the role of illustrations, or possibly of verifications of results. They mixed with it only mechanically. Now Marx’s mixture is a chemical one; that is to say, he introduced them into the very argument that produces the results. He was the first economist of top rank to see and to teach systematically how economic theory may be turned into historical analysis and how the historical narrative may be turned into histoire raisonnée.”* (Schumpeter, 1950:44)

In *History of Economic Analysis*, a posthumous publication written in the 40s, there is a famous passage in which he insists that the big problem is economists' lack of "historical experience" (Schumpeter, 1954:12-13)<sup>2</sup>. And in his articles for the *Journal of Economic History* appeals are common for a greater understanding between theoretical economists and economic historians, for a joint investigation into the "neglected area of economic change".

*“Schumpeter’s notion of ‘historical experience’ implies that the division of labor between the economic historian and economic theorist must be eliminated. To study the process of change, theory and history must be integrated in the mind of the economist.”* (Lazonick,1994:253)

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See the article by Tamás SZMRECSÁNYI (1992) "História Econômica, teoria econômica e economia aplicada." *Revista e Economia Política*, v.12, n.3 (47) July- September.

Unfortunately this challenge to integrate theory and history is still ignored by the majority of economists. Not least by Marxists who think all the laws of capitalist development were established by their Master in mid-19th century. So, one of the main issues about this "rebirth" of Marx (with regulationism) and Schumpeter (with evolutionism) is precisely to find out if the aforementioned challenge is finally being taken seriously.

As concerns the regulationist project, the answer is simple, since the purpose of integrating theory and history seems to constitute its backbone (Boyer,1986;1988a;1988b). With regard to the evolutionist project, however, the answer is a little more complicated.

Nelson & Winter (1982: 405) bemoan the divorce between economic science and other social sciences, but they refer specifically to psychology, sociology, and political science, with no mention whatsoever of history. Perhaps there is a possible interpretation to be found in the evolutionist interest in microeconomic modeling. On the very first page of a recent treatise on the subject we read the following:

*“We now have the possibility of treating complex evolutionary processes with an increasing degree of clarity and rigour. At the same time we have to recognise a danger that Schumpeter’s insights are ignored just as are the works of other pre-war contributors to the study of economic evolution. There is also a danger that the evolutionary-oriented studies of some economic historians like Chandler disappear from the analytic horizon of evolutionary-economic researchers.”*  
(Andersen,1994:ix)

Another confirmation can be found in a recent examination by Nelson, in which he demonstrates little interest for broader approaches to economic development:

*“While many historical accounts of economic growth are concerned with whole economies, I believe that, for the purpose at hand, the best way to make progress is by trying to develop industry - or sectoral-level models. There is too much diversity across economic sectors to hope that a model that aggregates them all can achieve the contact with empirical developmental history I am seeking. There is a better chance of fruitful sector-level modelling.”* (Nelson,1994:22)

Nevertheless, other evolutionists are well engaged in the integration of theory and history. Fine examples can be found in the works presented at the conference 'Technology and Enterprise in a Historical Perspective' (Terni, Italy; October 1987) from which emerged an interdisciplinary magazine *Corporate and Industrial Change* (Oxford University Press) (Dosi, Gianetti & Toninelli, 1992). They show that evolutionism's more microeconomic nature does not keep the challenge from being taken seriously. In other words, it would be wrong to state that the methodological parallelism existent between Marx and Schumpeter does not occur between the evolutionist and regulationist projects just because the former was initially more directed toward microeconomic formalization.

## 2. The Main Difference

Because they gave so much importance to history, both Marx and Schumpeter developed dynamic visions of capitalism, in which the waving (or cyclical) character is not the least bit secondary or peripheral. To both, fluctuation is at the core of the functioning of the system. Unfortunately, Marx did not formulate an explicit theory on the subject, as Schumpeter did at Harvard during the Great Depression (Schumpeter, 1939). And it is precisely in these two volumes on "business cycles" that we find the fundamental contrast with Marx's ideas on the process of accumulation. To Schumpeter, the essence of the process is in innovations; to Marx, it is in class struggles. And the ideas that separate, nowadays, the evolutionist and regulationist projects are similar.

Clearly the differences between Marx and Schumpeter are not limited to their respective ideas on the waving nature of capitalist economics. A comparison between the two research programs and the respective heuristic and epistemological presuppositions, as made by Helburn (1986a, 1986b), reveals innumerable other points on which Schumpeter rejects - or inverts - some of Marx's important economic and social ideas. But all of them are connected to the principle that entrepreneurial leadership is much more important than social struggles.

*“Schumpeter adopts what he takes to be Marx’s research program and, like him, attempts to uncover the laws of motion of capitalist development. His purpose is clearly to defuse Marx’s theory of revolution by converting it to a theory of evolution.”* (Helburn, 1986b:154-155)

*“(...) he substituted his own theory of class and class relations based on his ideas about leadership and followership in which entrepreneurs carry out the ‘new combinations’ that promote capitalist development.” (Helburn,1986b:156)*

Today, the evolutionist and regulationist projects are most distinguished precisely by their respective emphases on innovations and institutions. For the former, the periods of expansion are linked to the introduction and spread of important inventions, while the depressions are viewed as periods of transition between two technological regimes. For the latter, the rate of accumulation is not essentially determined by technological process, but rather depends crucially on the institutions that permit the capitalists to exercise power.

This contradiction is quite evident in the introduction to the annals of the workshop "Technological and Social Factors in Long Term Fluctuations", held in December 1986, in Siena (Italy)<sup>3</sup>. Even so, the differences between evolutionism and regulationism were not seen as mutually exclusive. On the contrary, the editors of the annals thought the more systematic discussion of the two models would be extremely interesting and useful in the construction of a general theory for the dynamic behavior of capitalist economy. (Di Matteo, Goodwin & Vercelli, 1989)

Will it be possible to reiterate the optimism of Di Matteo, Goodwin & Vercelli, ten years after the workshop in Siena? Does the more recent scientific debate confirm the idea that the two approaches are not mutually exclusive? Are the divergences diminishing? Has there been a convergence between the evolutionists and the regulationists?

These are the issues around which the discussion of the two theoretical lines might be organized. What follows is an attempt to respond to these queries.

### **3. Taking a False Step**

In the preface to the second part of a collection edited by Dosi et al. (1988), Freeman mentions important points of correspondence between regulationism and the Freeman-Perez model of the role of institutions. After summing up Boyer's contribution to the same collection, he suggests that: a) the ideas of the two lines are complementary; b) there could be a synthesis if the regulationists would begin to pay more attention to technological

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<sup>3</sup> Due to the importance of this synthesis, it is almost entirely transcribed in Annex 1.

determination and if the evolutionists would develop their analyses of institutional forms.

*“To the reader it may appear that the ideas of Perez and of the French Regulation School are sufficiently complementary to offer scope for an original synthesis. The French regulation school, although acknowledging the importance of technical change, have paid relatively little attention to it, whilst Freeman-Perez have not developed so far their analysis of institutional forms or of aggregated formal models of the economy.”* (Freeman,1988:11-12)

There is, in fact, a great similarity between the notion of the "techno-economic paradigm" from the Freeman-Perez model (1988)<sup>4</sup> and the ideas of "technological/ industrial paradigm" joined by Lipietz (1989) to the concepts of "regime of accumulation" and "mode of regulation" to form the trinity that defines his "model of development". But this similarity can be deceptive. Despite being transformed into a sort of magic word among social scientists, the sense of the word 'paradigm' is rather vague.

In the postface of the second edition of his masterpiece, Thomas Kuhn (1970:181) admitted to having used the word with 22 different meanings. But he added that, after a good editorial revision, they managed to narrow it down to only 2. The first is "*disciplinary matrix*" and the second "*shared examples*". The ambiguous "*disciplinary matrix*" is composed of "*paradigms, parts of paradigms or paradigmatics* ", which form a whole and work together. The "*shared examples*" (less ambiguous) are those that permit the development of a common scientific language and a common approach to similar problems. Even so, these two definitions are far from perfect, as Homa Katouzian indicates:

*“Be that as it may, neither usage of the concept of paradigm helps clear an important, almost central, question. It is this: does the theory of scientific revolutions only apply to wider systems of thought, conceptual frameworks or whatever; or does it equally apply to all the models and theories based on such a system or framework? From the historical illustrations in the main text the reader gains the impression that they are all subject to the process described by Kuhn; but this is nowhere clearly stated.”* (Katouzian,1980:96)

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<sup>4</sup> According to Freeman (1988:10), the notion of "techno-economic paradigm" created by Carlota Perez is much closer to the ideas of technological "regime" or "trajectory" of Nelson & Winter, than to the notion of "technological paradigm" of Dosi et al. "Most importantly, her concept is one of a 'meta-paradigm - a dominant technological style whose 'common sense' and rules of thumb affect the entire economy."

In other words, in the case of a immature science (such as economics), it is impossible to use Kuhn's text to decide whether Marx and Schumpeter belong to the same paradigm or whether they create different ones. And if the confusion is already so great when dealing with the history of science, what can be said about the transposition of the word 'paradigm' to the field of economic history? What exactly would the technological or techno-economic paradigms be?

After comparing his 'technological paradigm' to Freeman and Perez's 'techno-economic paradigm', Giovanni Dosi says the following:

*“Whatever name is chosen, the concept of ‘paradigm’ points to interpretations broadly consistent with Rosenberg’s ‘focusing devices’(…) or Sahal’s ‘technological guide-posts’(…). The crucial hypothesis is that innovative activities are strongly selective, finalised in rather precise directions, often cumulative activities. (Dosi,1988:225)*

Freeman & Perez disagree with Dosi's observation. Explaining the fourth category of their typology of innovations, they say:

*“We use the expression ‘techno-economic’ (Perez,...) rather than ‘technological paradigm’ (Dosi,...) because the changes involved go beyond engineering trajectories for specific product or process technologies and affect the input cost structure and conditions of production and distribution throughout the system. This fourth category corresponds to Nelson and Winter’s concept of ‘general natural trajectories’ and, once established as the dominant influence on engineers, designers and managers, becomes a ‘technological regime’ for several decades. From this it is evident that we view Schumpeter’s long cycles and ‘creative gales of destruction’ as a succession of ‘techno-economic paradigms’ associated with a characteristic institutional framework, which, however, only emerges after a painful process of structural change.” (Freeman & Perez,1988:47) ( emphasis mine, J.E.V.)*

It becomes clear, of course, that in Freeman-Perez evolutionism, the great fluctuations of the capitalist dynamic are identified as techno-economic paradigms, with the institutional pattern associated to each paradigm only emerging after a painful process of structural change. In this aspect, the difference in relation to Schumpeter is just rhetoric. Freeman & Perez say nothing about the nature of the formative process of these "techno-economic paradigms"; while Schumpeter at least vaguely associated the formative

process of the "creative gales of destruction" to the initiative of the entrepreneurial vanguard.

However, one year prior to the publication of this work by Freeman & Perez, there appeared an in-depth assessment of Schumpeter's basic ideas (Kleinknecht, 1987). The main reference of this evaluation was the critique made by Kuznets (1940) of the Schumpeterian theory of cycles (Schumpeter, 1939). Particularly, the lack of a good theoretical explanation for the idea that innovations do not emerge randomly, but rather are concentrated in certain periods, that is, a spawning of innovations. To Schumpeter, packages of innovations are generated by periodic opportunities for heroic entrepreneurs. But the phenomenon is not explained by any social-economic process. It falls on the theory like a sort of *deus ex machina*. The question was formulated then by Kleinknecht in the following form:

*"Is there any evidence of a bunching of Schumpeter's heroic innovations (and if yes: what is the theoretical explanation)?"* (Kleinknecht, 1987:197)

In some tentative conclusions, which the author presented in the final pages of his book, there is no good answer to the second part of this question. When giving a theoretical explanation, Kleinknecht is extremely eclectic, appealing to various traditional Marxist approaches, such as Mandel and Gordon. He does not provide any reasonable interpretation whatsoever for the cause/effect relationship established by Schumpeter, according to which the expansions and depressions are determined, without further appeal, by the innovative potential of the entrepreneurial vanguard.

A clear verification of this same theoretical vacuum was discussed in Rosenberg & Frischak's contribution to the collection edited by Freeman in 1986:

*"In Schumpeter's view, technological innovation is at the centre of both cyclical instability and economic growth, with the direction of causality moving clearly from fluctuations in innovation to fluctuations in investment and from that to cycles in economic growth. Moreover, Schumpeter sees innovations as clustering around certain points in time - periods that he referred to as 'neighbourhoods of equilibrium', when entrepreneurial perception of risk and returns warranted innovative commitments. These clusterings, in turn, lead to long cycles by generating periods of acceleration (and eventual deceleration) in aggregate growth rates. (...) "Such causal links are not demonstrated in the neo-Schumpeterian literature. (...) ... we are left without a precise knowledge of what are the necessary*

*and sufficient changes in the environment which, even conceptually, can bring out a bandwagon-like diffusion of some number of basic innovations. In other words, there is no well-specified set of elements that effectively link and elucidate the direction of causality between the basic innovations, the 'general level of profitability and business expectations', and their diffusion in the form of a swarm of new products and processes. More generally, nowhere in the literature is there to be found an unambiguous treatment of causality, within a neo-Schumpeterian framework, which establishes the precedence of innovation clusters over investment outlays and aggregate movements in the economy.” (Rosenberg & Frischtak,1986:7-8) (Emphasis mine, J.E.V.)*

The least we can say is that the use of the idea of paradigm is very nebulous among neo-Schumpeterian economists. And it seems likely that the origin of this dense fog is in Thomas Kuhn's own interpretation. After all, Kuhn's work greatly contributes to the understanding of the logical process of the advance of science, but adds little to the understanding of the social process. Despite referring often to the 'scientific community', he never really gets as far as analyzing it, as did, for example, Katouzian (1980) and Latour (1995). So, it is not with Kuhn's help that we can find clarification as to the complex relationship between technological and institutional changes.

#### **4. A Promising Path**

More recently, Kleinknecht was responsible for an introduction to the book that gathered the contributions presented at the conference of Brussels, in January 1989 (Kleinknecht, Mandel & Wallerstein, 1992). In this introduction he reiterates the hopes of a convergence born at the workshop of 1986, in Siena, by Di Matteo, Goodwin & Vercelli (1989), insisting that the neo-Schumpeterian and regulationist approaches tend to be more and more complementary.

*“It seemed for some time that these two approaches were competing, but is now becoming increasingly clear that at least one common link makes them rather complementary: the emphasis on the role of profit rates in the long-wave process.” (Kleinknecht,1992:6)*

Actually, only one of the papers in this collection attempts, truly, to join neo-Schumpeterians and Post-Marxists, or more precisely, evolutionists and regulationists. In it, the French regulationists Pierre Dockès and Bernard Rosier seek to establish the theoretical links between innovations and conflicts. They propose three hypotheses (rather, two hypotheses that generate one question):

> Innovation - its complexity, origins, diffusion - cannot be completely understood except as a part of the social structure.

> In any 'divided' society the social arena is determined by multiple internal conflicts that reflect profound diverging interests.

> Given that the societies that interest us are full of conflicts inherent to their modes of social interaction and recurrent due to innovation, can one (innovation) be studied separately from the other (conflict)?

Taking as a basis a set of research studies in economic history (Dockès, 1979; Dockès & Rosier, 1988), they respond with a categorical no, because they perceive a dialectical relationship between conflicts and great innovations. Not only are conflicts at the origin itself of the innovations, but the innovations, mainly the greatest, beget or shift conflicts. Hence, what is in question is not only the rhythm of the innovations and the velocity with which they penetrate the social fabric, but, overall, the content of the innovations itself.

Great innovations can emerge as object and locus of many conflicts, not to mention as outcomes of these struggles. They will be, therefore, profoundly affected by these struggles. Hence, Dockès & Rosier call this process the "social imprint" on technologies.

The conflicts that generate innovations do not necessarily occur in the area in which they emerge. One of the main characteristics of "Western" development, say the authors, has been its capacity to transform social conflict into technical innovations. Ultimately, it is the entire web of conflict-ridden relationships that must be taken into consideration. The creation of a new social-economic paradigm should be seen, therefore, as a vast innovation that emerges in the interior of the conflicting conjuncture, from the emergence of

various series of innovations (technical, social, political, and cultural). (Dockès & Rosier, 1992:305-306)

We are dealing, therefore, with a social process of innovation production from various viewpoints. First, it is necessary to distinguish the (economic) demand for innovations from the social need for them. Second, it is necessary to understand the role of each group in the social process that generates innovation, that is, the process that puts the social imprint on the innovation. Finally, it is necessary to recognize that the modalities of regulation of the conflicts are crucial to the force of the innovative tendencies, as well as to the types of innovation. Social regulation of the innovation is an essential part of the process of tolerance of the conflicts. And it is precisely the dialectical relationship between innovation and conflict that allows us to distinguish long historical periods in which there is a certain order ( which the authors call "productive order") and periods of 'disorder', that is, of profound changes in the forms of operation of the economic system (which the authors call "crises of transformation"). (Dockès & Rosier, 1992:306-307)

With this schema, the authors intend to break with the very frequent tendency to emphasize the technological changes and, in general, the economic factors, as though the social factors played only a supporting role.

*“In our schema, social phenomena (including cultural and political phenomena) are seen as strategic. It is enough simply to argue the necessity of social change in order that technical change occurs, as do Gerhard Mensch (1975) or Christopher Freeman (1979). Rather, social changes are the very core of the process of transformation; hence the dialectic of innovation and conflict plays a key role.”* (Dockès & Rosier, 1992:308-309)

It is very difficult to evaluate to what degree the schema proposed by Dockès & Rosier can drive a convergence between evolutionists and regulationists. But it would not be too risky to say that it focuses well on the impasses of the two lines of thought by emphasizing the dialectic between innovation and conflict. The principal insufficiency of evolutionism is a lack in addressing the causal relationship that would exist between the emergence of a handful of "heroic" technological innovations and the phases of expansion of capitalism. On the other hand, the main insufficiency of regulationism is a lack in addressing the causal relationship that would exist between these phases of expansion of capitalism and the emergence of a handful of additionally "heroic" institutional innovations. Accepting the existence of a dialectical

relationship between innovation and conflict is not enough in order for these insufficiencies to be overcome, but it seems like a good beginning. A common agenda for these two lines may perhaps be established from this suggestion.

#### 4. Conclusion

It would be wrong to state that the methodological parallelism existent between Marx and Schumpeter does not occur between the evolutionist and regulationist projects just because the former was initially more directed towards microeconomic formalization. It is true that the proposal to integrate theory and history is more diffused among the regulationists. But various contributions have demonstrated the same interest on the part of evolutionists.

What most distinguishes the evolutionist and regulationist projects are their respective emphases on innovations and institutions. For the former, the periods of expansion are linked to the introduction and diffusion of important inventions, while depressions are periods of transition between two technological regimes. For the latter, the rate of accumulation is not essentially determined by technological progress, but rather depends crucially on the institutions that allow the capitalists to exercise power.

It could seem that the convergence of the two lines of thought would pass through the development of the idea of a "techno-economic paradigm", initially formulated by Carlota Perez. However, besides being very ambiguous, the word paradigm does not resolve the basic problems of the Schumpeterian approach, which are, basically, to give reasonable explanations for the temporal concentration of the great innovations and for the causal direction of these basic innovations, the rentability expectations, and their diffusion in the form of a swarm of products and processes.

The main insufficiency of evolutionism is precisely in this want in addressing the causal relationship that would exist between the emergence of a handful of "heroic" technological innovations and the phases of the spread of capitalism. On the other hand, the main insufficiency of regulationism is its deficiency in addressing the causal relationship that would exist between these phases of the spread of capitalism and the emergence of a handful of also "heroic" institutional innovations.

There is no way to separate innovations from conflicts. The research on economic history developed by Pierre Dockès and Bernard Rosier suggests the existence of a dialectical relationship between conflicts and great innovations. Not only are conflicts at the core of innovations, but innovations, in particular the great ones, generate or shift conflicts. So, what is in question is not only the rhythm of the innovations and the velocity with which they penetrate the social fabric, but, overall, the content of the innovations itself.

Accepting the existence of this dialectical relationship between innovation and conflict is not enough in order for the insufficiencies of the two lines of thought to be overcome, but it is a good start. A common agenda for the two lines can possibly be established from this suggestion.

As for the rest, the Dockès-Rosier schema may be useful in the discussions of the prognoses of the next long wave of capitalism. The presence of Schumpeter's ideas is so strong in this debate that the analyses only differ in the way they illustrate the role of computer science, emphasizing more the role of microelectronics in telecommunications or robotics. In some cases, obviously, the potential of biotechnologies or biogenetics is added. But it goes no further. It is unanimous that the "new paradigm" is information technology (IT). And the differences must be found in the sectors in which this "new paradigm" is already more apparent.

To perceive a dialectical relationship between innovation and conflict necessarily implies raising doubts about this 'Schumpeterian unanimity'. Not in denying the role of IT as a crucial instrument of a possible (and likely) new capitalist expansion. But in working with the hypothesis that the great changes do not occur precisely in the industrial sectors mentioned, but in areas that are socially much more full of conflict, such as energy, agrifood, environment, and overall, unemployment. In other words, it is not forbidden to think that the true point of mutation will only be recognized when the great problems of our era begin to be overcome through the application of computer science<sup>5</sup>.

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<sup>5</sup> Prognoses that emphasize these four areas (energy, food, environment, and unemployment) are rare. A brilliant exception is the article "Innovation and Long-Term Growth" by George F. Ray (1983).

## **ANNEX 1 - ANNALS OF THE WORKSHOP OF SIENA, 1986 (Introduction)**

*“The neo-Schumpeterian position views long cycles as the result of the introduction and diffusion of major innovations. There is a wide range of positions under this label and the assumed relationships between technical change and long term fluctuations differ in many important details from Schumpeter’s original account. However this approach still retains a decisive link between the evolution of the technology and the evolution of the economic system.*

*“The thread of the argument in the neo-Schumpeterian approach can be reduced to the following. The main source of fluctuations is the pattern of investment that in turn depends on oscillations of expected profitability. The latter is heavily affected by technical innovation as well as population growth, consumer tastes, etc. Therefore major periods of expansions are associated with the introduction and diffusion of important inventions whereas periods of profound depression are periods of adjustment from one technological regime to another.*

*“Another important feature is the recognition given to the monetary and financial sector that has to be permissive enough in the upswings to provide an adequate level of funds to innovative firms. Finally a connection between various kinds of inventions and different cycles is often detected and this is in a strict Schumpeterian fashion.*

*“It is more difficult to synthesize the second approach that stresses the so-called social structure of accumulation. However a common feature is the belief that the rate of accumulation is not essentially determined by the rate of technical progress but depends crucially on the institutional set-up of the society.*

*“For example the rate of profit which is the prime mover of the rate of accumulation is high whenever in the society (either by legislative action or by mutual agreement) there are institutions that guarantee the full exercise of the power by the capitalists. The mix of individual institutions that can do that varies from country to country and from one historical period to another.*

*“So, according to Bowles, Gordon and others, in the USA (...). Boyer and others of the French ‘regulation school’ work on similar lines and have also tackled the question of explanation for other countries and historical periods.*

*“It seems clear to us that the two approaches are not mutually exclusive and that an open discussion of each of the constituent elements of both models would be extremely interesting and helpful for the construction of a more comprehensive theory of the dynamic behaviour of a capitalist economy.” (Di Matteo, Goodwin & Vercelli, 1989:v-vi)*

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