BOOK REVIEW


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1. Introduction

Convention Theory (Economie des Conventions, or EC) is a heterodox theory that originated in France. A “heterodox” theory is one which criticizes and seeks to overcome modern mainstream (neo-classical) economic theory. Another French heterodox theory is Regulation Theory (Théorie de la Régulation, or TR), which began with the publication of monumental work of M. Aglietta, Régulation et crises du capitalisme (1976). EC was born in 1989 with the special issue of Revue economique (vol. 40, no. 2). The 12 years that passed between EC and regulation theory seem to have made a big difference. When TR was born, Marxian economics was still alive and strong in academia. That is why the methodology based on holism, as seen in the analysis of “the form of (re-)production of capitalism,” had constant persuasive power.

However, during these 12 years, the framework of French social theories changed completely, as structuralism (Lévi-Strauss, Althusser) lost its hegemony. In this context EC manifested its position from the perspective of methodological individualism in 1989. And in the 1990s, mainstream economics developed rapidly, showing its innovative capacities by borrowing evolutionary game theory and cognitive science, psychology, and experimental methods from other disciplines. In contrast, the traditional methodological holism of Marxian economics failed to explain the dynamics of social changes. As for TR, it has refashioned its approach by seeking to develop the “holindividualism” concept or analyzing the diversity of capitalism. This seems to be the reason why EC has gained ground in recent years. According to Favereau (2002), “the years of experience have shown that any attempts to reestablish economic theory by a complete rejection of the prevailing dominant orthodoxy have failed” (p. 512). In this

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circumstance, EC has absorbed various developments (a linguistic turn and an interpretative turn, a pragmatic turn, a constructivist turn) in French social sciences and will likely establish its own heterodox theory.

This book is a theoretical attainment of general framework construction by the younger conventionalist generation. We will explain the characteristics of EC as described in this book, and propose several points to develop this approach.

2. **From Coordination by Means of Price Mechanism to Coordination by Rules**

TR has investigated economic activities from the viewpoint of the “reproduction” of structures according to Althusserian tradition. In contrast, EC focuses on the “coordination” of the interaction between actors. It began by analyzing rules and conventions, especially in the domain of labor relations. As Salais and Thévenot have already pointed out, research on the rules and conventions issued from negotiations between social actors has posed a methodological dilemma (Salais and Thévenot, 1986, p. 6). Conventions consist in the mediate level of intentionality between complete intentionality (contract) and non-intentionality (restrictive framework). Individual actors elaborate conventions as a result of their own interaction, and then the latter restricts their interactions inversely. Thus, these conventions take the form of externality, and support their actions by serving as a focal point.

Economics in general has been intended to be a discipline for studying the coordination of individual activities, that is, the production process of social orders (Smith’s invisible hands, the Walrasian auctioneer). It postulates that the pursuit of the personal selfish interest automatically establishes the optimal social order through the coordination mechanism of the price. EC distinguishes two levels of coordination, which are easy to understand if we follow John Searle’s distinction between regulative and constitutive rules. In normal interaction, the regulative rules function as “summarized knowledge (savoir résumé),” and we can coordinate our interaction by using these rules as our focal point (Batifoulier (ed.), Chapter 1). This coordination is realized on the cognitive level, without conflicts and without the need to justify their actions. However, naturally speaking, rules are always incomplete, and it will be impossible to describe all the contents in advance. In these circumstances, we must reconstruct rules in the course of actions to follow these incomplete rules. In certain situations, it will be possible to apply several rules simultaneously, so we must choose an appropriate rule among these rules. But how? So as to choose appropriate rules, we must interpret the relations in