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Title:
A Post-Keynesian Critique of New Institutional Economics with Insights on Sustainability

[DO NOT CITE – ROUGH FIRST DRAFT AND WORK IN PROGRESS]

Abstract:
This paper elaborates a post-Keynesian approach to institutional economics as an alternative to the currently dominant paradigm of neoclassical institutional economic theory, or what has come to be called New Institutional Economics (NIE), and it offers some insights on sustainability from this alternative perspective. The NIE paradigm can be broadly characterised as neoclassical insofar as it does not depart from the theoretical welfare principle that, under hypothetically perfect conditions, markets would produce both the most efficient and equitable outcomes. The institutional analysis is therefore primarily and, in many cases, exclusively focused on conditions that prevent perfect market outcomes. However, based on a post-Keynesian reading of Keynes, it cannot be assumed that even perfect markets will move towards equilibrium without the intervening presence of some regulatory function, especially in pseudo macro-markets dealing with employment or savings and investment. Such a post-Keynesian institutionalism is similar to the insights of Karl Polanyi, in that the expansion of market systems is predicated precisely on the expansion of a regulatory function and, as further argued by Schumpeter, this regulatory function in turn tends to increase proportionally with the increasing complexity of economic and social systems. Hence, this paper proposes how we might start to conceive of an alternative 'micro-foundation' for institutional economics based on post-Keynesian insights, focusing on capital and the concentration of value rather than the reduction of transactions costs. These insights are important for an understanding of sustainability because, whereas the underlying presumptions of neoclassical theory imply that perfect markets lead to efficiency in resource use and convergence of economic outcomes across actors, the inclusion of wider and more realistic considerations of productivity and profit motives actually implies that perfect markets tend to lead to intensifications of resource use and divergence of economic outcomes.

Introduction

This paper elaborates a post-Keynesian approach to institutional economics as an alternative to the currently dominant paradigm of neoclassical institutional economic theory, or what has come to be called New Institutional Economics, here including the Information Economics Paradigm promulgated by Joseph Stiglitz. Within this paradigm, an apparent consensus has emerged around the meaning of institutionalism in economic theory and analysis, centred on factors such as transaction costs or imperfect information that render markets imperfect. In particular, the notion of property rights has become the obsessive focus of efforts to instrumentalise this understanding of institutions in economic analysis, given the widely accepted premise that secure property rights (ideally private) provide the critical foundation for functional competitive markets and for incentive structures that promote investment and accumulation.

The synthesis of this mainstream consensus is poignantly illustrated in the survey article by Besley and Burgess (2003) on 'Halving World Poverty.' They confidently claim that 'a more or less unified approach to assessing the validity of theoretical arguments has set economics apart from other parts of the social sciences for more than 50 years' (p.14). Within this unified approach, they suggest that 'recent development economics literature has both bolstered traditional themes as well as putting a fresh gloss on them. The overarching theme is the centrality of the institutional context in which policy and accumulation decisions are made' (p.19). By 'policy,' they refer to trade liberalisation and other aspects of the so-called 'Washington Consensus,' while by 'institutional setting' they refer to the extent to which property rights and contracts are enforced. For instance, in arguing that Washington Consensus policies were perhaps not as adverse for growth as was initially thought, they substantiate this with reference to Acemoglu, Johnson and Robinson (2001), and Hall and Jones (1999), who conceptualise institutions as security of property rights and enforceability of contracts. Following this literature, Besley and Burgess (2003) argue that secure property rights are an important vehicle for the poor given that they can promote both equity and efficiency, while improvements in the enforceability of contracts can promote investment and the development of firms (p.16). Indeed, this perspective has become so momentous that it is even adopted by Rodrik et al (2004), albeit they qualify that credible signals 'that property rights will be respected is apparently more important than enacting them into law as a formal private property rights regime' (p.157).

Besides the problematic and often-tautological methods and concepts used in the empirics of this literature, it is important to examine the underlying theoretical foundations of this apparent new consensus. Indeed, as argued by Besley and Burgess (2003: 14), 'our agenda… needs to be built on firm theoretical foundations… How theory should be accommodated in empirical analyses is still an issue of debate. However, the importance of reasoning about the evidence using a well-defined theoretical structure is not.' True enough. This dominant theoretical structure can be broadly characterised as neoclassical insofar as the authors do not depart from the theoretical welfare principle that, under hypothetically perfect conditions, markets would produce both efficient and equitable outcomes (equity according to factor-price-equalisation theory and its derivations). Correspondingly, most of the focus on institutions is oriented towards understanding how market imperfections (i.e. transaction costs or imperfect information, whether transitory or intrinsic) obstruct this first-best outcome, and conversely, how 'institutions,' understood as private property rights and other factors that reduce the transaction costs of operating in markets, can act to compensate for imperfections and thereby bring a market outcome closer to its optimum.

There has been much reaction to these neoclassical institutionalist approaches from a variety of heterodox perspectives, particularly from Marxist perspectives. For instance, Mushtaq Khan has made important contributions in pointing how violations of property rights are often at the root of capitalist transitions, drawing from Marxist notions of primitive accumulation and applying these to early phases of late industrialisation in East Asia, where property rights were effectively restructured or else created anew in efforts to direct incentives towards the development of new industries. However, Khan generally avoids the question of whether, once this process actualised, markets and their institutional foundations do indeed conform to neoclassical expectations. Ben Fine (xx) directs his attack on the so called 'methodological individualism' of these neoclassical approaches and particularly targets Stiglitz for abuse [add more]. Others put into the question the assumptions of rational choice that underlie these broadly neoclassical approaches [some examples?].

However, fatal weaknesses within New Institutional Economics (NIE) can be exposed without recourse to objections over individualism or rationality. Insight into these weaknesses do not require some new discovery from the evolving 'science' of economics, as it bounds from utility to psychology, evolutionism, autism and beyond. Rather, most of these fatal flaws in the neoclassical system were already exposed by a variety of critiques stemming from Keynes and other major intellectual figures of the mid-20th century, particularly those who became associated with the Post-Keynesian tradition. The fact that the poignancy of their insights was subsequently swept under the carpet need not put into question their logical rigour and veracity. Recall, for instance, Paul Samuelson's last word on the capital controversy debates; while he admitted that the post-keynesians were correct in their argument that the solution of a typical two-good neo-classical general equilibrium model was intractable if either capital goods could not be substitutable with consumer goods, or else if there was more than one capital good, he nonetheless argued that the simple neoclassical two-good model (i.e. with two perfectly substitutable goods or, in effect, one good used for two purposes, such as corn and corn) essentially mimics the functioning of a complex advanced-industrial market economy (see Samuelson 19xx). This was not proven but postulated, hence it serves as the foundational myth, or article of faith, on which subsequent modern (neoclassical) mainstream economic theorizing has been based. It is in this sense that neoclassical economics is often referred to as faith-based, comparable to a religious creed, as it requires an initial leap of faith in order to enter into the subsequent logical corollaries.

Despite the pertinence of these earlier debates, post-Keynesian insights have been lacking in this recent upsurge of interest in institutions in mainstream economics. Given that this recent mainstream interest obsessively focuses on institutions that purportedly support 'market' transactions, such as private property rights and legal systems that enforce these rights as well as other contracts, we need to examine the institutional foundations of markets, especially in pseudo macro-markets dealing with employment or savings and investment. In this light, a post-Keynesian reading of Keynes would suggest that even perfect markets will not necessarily move towards equilibrium without the intervening presence of some coordinating regulatory function. 'Coordination' in this sense implies the necessity for a degree of macro management across the different sets of incentives operating in the 'two blades of the scissor' of supply and demand (to paraphrase Alfred Marshall). Coordination should not be confused with the simple enforcement of neutral 'market-friendly' laws and regulations, as implied in the NIE literature (for instance, see the discussion of regulation in Besley and Burgess 2003: 16-

17). In other words, regulation is not simply a pre-condition for the effective functioning of markets, but it is also an integral element within such functioning, a point that is largely ignored in NIE given the abstracted neoclassical foundations from which NIE theories are built.

This understanding opens up a much wider array of ways that institutionalist analysis can be integrated into economic analysis, particularly in complex economies where, as argued by Joseph Schumpeter, regulatory functions tend to increase with the increasing complexity of economic and social systems. Moreover, such a post-Keynesian institutionalism offers a bridge to the insight of Karl Polanyi that the expansion of a market system is predicated precisely on the expansion of this regulatory function. It might be argued that Joe Stiglitz himself takes this approach, insofar as he views informational asymmetries as being intrinsic to market systems, and possibly increasing as markets grow in complexity. However, Stiglitz remains within a neoclassical reference point given his contention that an alternative micro-foundation has not been rigorously developed within economics (for a succinct expression of this, see Stiglitz 1986). This paper therefore ends with some suggestions on how we might construct an alternative micro-foundation based on post-Keynesian insights into the institutional bases of market systems.

The first section briefly lays out the way that market operations are conceived within neoclassical institutional theories, drawing from the standard neoclassical presentation of the 'ideal-type' market in microeconomic theory. From there, it expands into institutional theories that increasingly view market imperfections as intractable or inherent aspects of market operations, thereby bringing us closer to a Keynesian vision of markets, albeit still remaining within a neoclassical frame of conception (or, some might argue, a neo-Keynesian frame as well). The analysis then steps over the threshold where the theoretical welfare principles are abandoned, particularly with reference to complex pseudo-markets in employment and/or savings and investment, which were the primary concerns of Keynes and other thinkers. Socialist critiques are also considered, such as the fact that the existence of compulsion completely undermines the logic underlying the operation of an ideal-type market outcome, thereby opening the way forward for considerations of exploitation. Nonetheless, it is pointed out that compulsion in itself is not required to undermine neoclassical theories of market operation and, in this sense, many socialist views (typical of Marxism) implicitly accept the welfare principles of neoclassical economics, if and when compulsion would be absent (and hence, the contribution of many socialist thinkers, such as Walrus, to the development of the neoclassical corpus since the 19th century). Rather, this paper suggests that even in the absence of compulsions, most markets cannot clear without some form of social or state regulation or active mediation of supply and demand, even within relatively competitive markets, as unclearly suggested by Keynes (and hence all of the debates of what he really meant). Further exploration of this terrain would provide a far greater and more nuanced understanding of the role of institutions in economic activity than is currently conceded in the field of mainstream economics. The last section proposes how we might start to conceive of an alternative 'micro-foundation' for institutional economics based on post-Keynesian insights, focusing on capital and the concentration of value rather than the reduction of transactions costs. These insights are important for an understanding of sustainability because, whereas the underlying presumptions of neoclassical theory imply that perfect markets lead to efficiency in resource use and convergence of economic outcomes across actors, the inclusion of wider and more realistic considerations of productivity and profit motives actually implies that perfect markets tend to lead to intensifications of resource use and divergence of economic outcomes.

[VERY ROUGH DRAFT FROM HERE ON]

Neoclassical microfoundations from the mythical to the institutional

Pure neoclassical theory (entailing perfect information, perfect competition, all other things being held constant, inexistent or insignificant transaction costs, etc.), predicts market clearance at a given price *p* where supply meets demand. The quantity demanded at this price is sold and the quantity supplied is purchased. There is no surplus and the factors or units of whatever is traded on this market are exhausted. Transferring this market analogy to employment implies that a perfectly competitive labour market will generate no unemployment so long as wages are flexible and the supply and demand of labour is free to adjust to wages. In savings and investment, the price is the interest rate, which under conditions of perfect competition, would theoretically result in a situation where all that savers wish to save at a market clearing interest rate is equal to the amount of capital that investors wish to invest, hence the reason why neoclassical growth models do not differentiate between savings and investment, but often use the two terms interchangeably.

Obviously most neoclassical economists will qualify that these pure market situations are nonexistent in reality. However, one can nonetheless identify a neoclassical theoretical position by the use of this ideal-type market solution as an abstract and deductive reference point to which second and further-order solutions are to be measured and compared.[1] Moreover, the hypothetical "market" in which transactions are made is usually not specified or described; presumably the sum of transactions itself is the market, regardless of whether these take place in a single location or in a dispersed and disorganised manner. This inconvenience is usually deflected either by reference to Smith's invisible hand or else Walrus' auctioneer. Rather, the implication is that the simplicity of the abstract market reference point is sufficient to effectively mimic the operation of modern complex market systems, as effectively argued by Samuelson (xx) when he accepted defeat in the Cambridge versus Cambridge capital-controversy debates of the 1960s.

Modifications of neoclassical theory that recognize market imperfections such as externalities, lack of perfect information, lack of perfect futures markets, transaction costs, and so on, nonetheless still generally advocate that in most cases the market outcome is the second-best solution, superior to government intervention. For instance, this is clearly the position that emerges out of modern 'welfare' economics (confusingly to be distinguished from the economics of the Welfare State),[2] which rests firmly within a dichotomy of state and market. Despite recognizing the existence of non-ideal markets in

[1] For instance, see Lal (2002:49-51) for a clear statement on the use of the deductive ideal-type reference point in neoclassical economics, or what he refers to as the received wisdom.

[2] For the mainstream position in welfare economics, again see Lal (2002:52-55), and in distinction to this theoretical treatment of 'welfare' (read utility), see Barr (1998) for a thorough analysis of the more relevant and applied economics of the Welfare State.

reality, proponents of this theoretical position would nonetheless tend to argue that, besides certain exceptional situations, any movement towards approximating an ideal market situation would be seen as improving the second best outcome (leading to less unemployment or less disequilibria between savings and investment). Although the proponents of this position argue that their second-best formulations are more realistic, they remain based on the unproven assertion that decentralised market coordination will in most cases result in superior unintended outcomes than if the state or other entity attempts intentionally to predict or impose market outcomes. Again based on an almost tautological logic of market efficiency operating in an abstract institutional context, this argument is asserted even though the knowledge at the disposal of the state might be greatly superior to any single (in this case, atomised) actor operating in the market [for instance, see Lal 1982].

In this sense, new institutional economics can be seen as a further, and somewhat more applied, elaboration of modern 'welfare' economics, insofar as it explores in further detail the subject of transactions costs as one particular aspect obstructing perfect market outcomes. The main insight emerging from this perspective is the role of 'institutions' in reducing these costs.[3] Again, the implicit assumption here is that the reduction of transaction costs will bring us closer to a perfect, ideal type, market outcome. This therefore leads to a bias in terms of which types of institutions are promoted, and which are not. In other words, institutions that are seen to provide for the smooth functioning of markets and that bring down the costs of transacting are encouraged, such as stable property rights and practices that harmonize, strengthen and enforce contractual obligations. Conversely, institutions that are seen as obstructing the market, such as unionization and collective bargaining, are generally ignored or even chastised. Government interventions that would restrict free movements of supply and demand would not be included within this rubric of institutional thinking and theory. Again, it is notable in the NIE theoretical approach that institutions are seen as supportive of but not intrinsic to market functioning, in the sense that they provide the preconditions for market interactions to take place, and can inhibit or facilitate market interactions, but they do not (or should not) actually interfere with the way that decentralised modes of decision making take place within market transactions. In most cases, this internal institutional setting intrinsic to markets remains untheorized in the abstracted space of the ideal-type neoclassical market [find some references to give examples].

The theories on imperfect or asymmetric information propounded by Stiglitz and others go one step further, yet still remain within the deductive neoclassical reference point of the ideal-type market solution.[4] In other words, while the ideal-type perfect market is accepted as an abstract principle, in reality most markets are characterized by intrinsic asymmetric information between buyers and sellers, which ultimately results in an obstruction to the pure market equilibrium in a many similar to, although more intractable than, the obstructions caused by transaction costs (albeit, some might see asymmetric information itself as a form of transaction cost, as argued by some who attempt to synthesis NIE with the imperfect information paradigm, i.e. [ref]). Stiglitz typically represents this point of view with an analysis of labour markets, ironically posed

[3] See North (1990) as one of the key contributors to this tradition.

[4] For some of the foundational contributions to this approach, see Rothschild and Stiglitz (1976), Grossman and Stiglitz (1980), and Stiglitz and Weiss (1981).

in terms of the employer not knowing the productivity of an employee to be hired.[5] While similar to NIE and modern welfare economics in its focus on the obstructions that prevent pure market outcomes, imperfect information theorists nonetheless see informational asymmetries as more intractable than is accepted by the previous two views. In other words, while there is a tendency in NIE theories to see transaction costs as temporary or surmountable market imperfections that can be overcome with the development of more sophisticated institutions (and hence the policy advocacy of good governance for developing countries in the PWC, for example [refs with examples]), proponents of the imperfect information paradigm tend to see market imperfections as more or less endemic to complex economic systems, and thus likely increasing within the evolution of sophisticated market institutions, thereby requiring a more or less established form of regulatory regime to prevent the abuses that invariably arise, even within advanced capitalist economies that are supposed to be the apparent models inspiring the GG policies advocated under the PWC, as represented by the various polemical positions taken by Stiglitz with respect to the US economy [find some refs from Stiglitz from his recent work on PWC and even more recent].

Unlike transaction costs, which can be resolved through the development of various institutional designs that promote efficient markets, the asymmetric information perspective would tend to argue that as economies become more complex informational asymmetries increase. Under this perspective, there is a co-dependence between regulation and market operation as economies become more complex. Ignoring this co-dependence opens the way for rent seeking, theft, abuse and all sorts of other perverse consequences within the private sector itself, as opposed to the same dangers within the public sector, which is the exclusive focus of the previous approaches. Nonetheless, underpinning Stiglitz' analysis (and which makes his theory still neoclassical) is the assumption that if, in an ideal world, these informational asymmetries could be overcome, we would find ourselves moving towards a perfect market outcome. Hence, the information imperfections become the reason for less than optimal market outcomes, as opposed to, say, Schumpeterian ideas, later carried on by Hirschman, that in fact informational asymmetries might even serve as the basis for profit opportunities, thereby driving innovation and investment.

Beyond Neoclassicism: crossing the threshold

Drawing from a post-Keynesian reading of Keynes, I would here suggest that the key point at which we can recognise a departure from a neoclassical paradigm is precisely when this reference point of the pure market outcomes is rejected, usually in the realm of aggregate economic activity but also, in more stronger versions of post-keynesian theory, in the realm of microeconomic analysis. What stands out as a radical departure from neoclassicism in Keynes' theory was his insistence that markets could fail even when market conditions were perfect. This emphasis of course depends on how, or which, of his writings are read – the neo-keynesian neoclassical synthesis drew more from his theoretical examples of how wage rigidities could lead to market failure, thereby apparently supporting a NIE position, although, as pointed out by Skidelski (2003: 535-

[5] For instance, this example is given in Stiglitz (1994:58). An inverse example, where an employee entering a wage bargain simply does not have the information that an employer has at their disposal, would be a more pertinent representation of the power relations operating in a labour market.

537), Keynes used these theoretical examples as heuristic devices. He also clearly stipulated his case under the theoretical conditions that wages were fully flexible.[6]

Rather than the debate over whether sticky or flexible wages were more central to Keynes' thinking, the key distinction of Keynes from neoclassicism would seem to reside in his implicit (or even explicit) form of institutionalism. Employment and savings and investment play a central role in this respect. For instance, a labour 'market,' as an aggregate concept, could not be considered as a market in the micro sense. Similar to savings and investment which regulate aggregate demand, labour markets are better conceived as pseudo-markets, whose functioning in the aggregate operates through a variety of complex mechanisms, some but not all of which operate through the decentralised but coordinated decision making underlying market transactions. Supply and demand in the aggregate might be responsive to each other at the margin [hence the origins of neoclassical theory as marginal theory], and thus could be related to markets by way of analogy, but movements towards equilibrium are not guaranteed in the short term, even under conditions where agents interact freely and knowledgably through price incentives. This is precisely because suppliers and demanders in these aggregate settings are often responding to different sets of incentives, whether or not under compulsion, and in contrast to the pure neoclassical ideal-type market, where the market is one single institutional setting with both suppliers and demanders respond to the same set of incentives represented by a single variable, price, or wage as in the case of a single labour market. It is only under this condition, i.e. a single coordinated institutional setting, where market coordination can lead towards market clearance.

Keynes elaborated that in the aggregate these conditions rarely apply and, more specifically, in the case of labour markets, suppliers and demanders respond to different sets of incentives that are guided by different institutional settings (although Keynes himself did not use this terminology of institutionalism). In the case of labour demand, demand is primarily determined by aggregate demand in the economy, which is influenced by consumers' propensity of consumption and businesses' expectations for future profits in their investment and production decisions. Similarly, supply of labour may be responsive to wage rates, but the aggregate supply of labour is more fundamentally determined by the social or subsistence need to work, alongside demographic factors, and may not be responsive to the same incentives driving labour demand. Wage rates may play some role in influencing these supply decisions at the margin, but this role is quite possibly minor in comparison to other factors, particularly under conditions of economic downturn when people have all the more necessity to work despite falling wages, etc, as noted by Heinz (2008).

Similarly, in the savings and investment equilibrium… the propensity to save responding to psychological attitudes with respect to broader dynamics in economic conditions, not necessarily the price variable (interest rate), which may affect to some

[6] Certain reinterpretations of Keynes, represented by the Neo-Keynesian Neoclassical synthesis of the 1960s, based largely in the U.S., argued that Keynes' insights only held under conditions of wage rigidities, drawing from one of Keynes's stylized facts that money wages cannot be reduced in a free society. However, Keynes himself argued that his analysis was not dependent on wage rigidities. Even under conditions of flexible wages, wage adjustment (i.e. falling wage rates in order to increase the demand for labour) would be self-defeating because falling wage rates would lower aggregate demand and thereby result in less demand for labour and therefore eliminate any benefit of flexible wages in achieving full employment.

degree, but only at marginal, not as a fundamental determinant, hence possible to have a situation where the interest rate could not equate real savings with real investment, because no rate was high enough to draw money out of liquid assets, and no rate was low enough to induce producers to undertake expansion of capacity.

Keynes' contention, here interpreted using an institutionalist language according to a post-keynesian reading, was that regulation is needed not only to correct for market imperfections but, more fundamentally, as the very essence that guarantees market clearance in such a pseudo-aggregate market. Contrary to the often cited charge that Keynes did not elaborate or provide a micro-foundation, his micro-foundations are arguably found within this form of institutionalist analysis (alongside uncertainty and his psychological propensities), because of his understanding of real markets as complex and often contradictory sets of socialised incentives far from the abstract models of arbitrage. In this sense, his propensities describe these sets of incentives, given that he was essentially describing the micro mechanisms guiding the incentives that underlie the two blades of the Marshallian scissor. Hence, markets could not be guaranteed to clear even when market interactions are free because the two blades of the scissor often respond to different, albeit related, incentives, and thus a divergence between these different incentives can easily arise in a way that disrupts a market from clearing, even under perfectly competitive conditions.

Keynes' basic insight was that even under perfect market conditions, market clearance (i.e. full employment or an economy operating at full capacity) would therefore be an exception. Government management of aggregate demand and labour market regulation is required in order to achieve these outcomes in a complex modern industrial economy.

Socialist traditions – put more emphasis of compulsion and commodification as conditions governing the supply of labour, to which Keynes gave less emphasis. These issues lead us to question the degree to which labour supply is actually able to operate along market principles so long as there is a presence of compulsion, as mentioned earlier. For instance, returning to the foundations of microeconomic theory, the market analogy can be seen to function only under conditions of freedom. In other words, the very operation of the market relies on the ability of the seller and buyer to not sell in order for this bargaining analogy to function. In this context, if labour is not free to choose not to work, i.e. if labour is compelled to sell its labour for a variety of reasons, we must fundamentally question the extension of these market analogies to the labour market. Lack of freedom need not only apply to the classical world of labour surviving at a subsistence wage, for compulsions can be seen to be socially constructed and conditioned as a means to discipline labour. We can easily understand the presence of equivalent compulsions within a modern, relatively affluent, consumerist setting, whether this be the need to pay one's credit card debt, one's rent, mortgage payments, student loans, or anything else that is deemed a minimum necessity to be able to function with a minimum of socially conditioned norms of dignity and functionality within society [again, see Heintz for some excellent references to this].

However, this aspect of various socialist writers is well explored, it is useful to think about in this context of institutionalism. Nonetheless, more interested by the space opened up by Keynes – with or without compulsion, nothing determinate within market operations that guarantee closure… Polanyi was perhaps the most prescient thinker in this respect, in reference to self-regulating market utopia. This is usually interpreted according to how the neoclassical abstract ideal-type perfectly competitive market does not exist, and hence how the ambition to achieve it is and always will be a utopia (i.e. see Block)… but here, push that a bit further… a real world understanding of how markets do function effective only in dependence on a social regulatory function – perhaps this notion of embeddedness (understanding that Block's idea of an always-embedded economy is very contested here). Nonetheless, it is really in this institutionalist project of understanding the social embeddedness of even very competitive markets, and thereby, they whole valuing in the economy, or how we value each other, that can be seen as a common meeting point between the post-keynesian and socialist traditions, on one hand opened up by Cambridge capital controversies and other debates, and on the other, through notions of embeddedness and double movement… open way to conceive of new microfoundations in economics in a way that the so-called economic market solution is and can only be indeterminate without consideration of broader social and political processes. In other words, rip open economics and make it dependent on the other social sciences…

[Still need to write last section on application of these concepts to sustainability]

Conclusion…

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