

European Association for Evolutionary Political Economy **NEWSLETTER**

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TOWARDS A NEW EUROPE

Statement by the EAEPE Steering Committee

Over the last year we have witnessed momentous events in Europe. In the East, monolithic centralism has been eclipsed, and the countries of Eastern Europe are set on the path of political reform and economic renewal. The repercussions have spread to Western Europe, prompting the accelerated integration of the European Community and redefining the whole of Europe.

It is no exaggeration to suggest that we are witnessing in Europe the birth of a new economic and political era which will have effects around the world. Before the next century new economic and political alliances will be moulded and new structures created that would have appeared impossible even a few years ago. In creating the economic and political contours of the 21st century the boundaries of the possible are being shifted.

EAEPE, as a non-partisan European association of economists, is concerned to address the new problems. It is uniquely placed to contribute to, and intervene in, the intellectual effort required to contribute to a more democratic and more equitable Europe. As members of its Steering Committee we reject the banalities of the free marketeers and the stifling naiveties of over-centralised planning. Instead, we recognise and welcome an evolving economic pluralism in which different types of economic structure co-exist, and the market plays a role alongside other institutions and forms of co-ordination.

In the context of this fundamental process of economic and social restructuring, the aim of EAEPE is to help develop theories and policies in line with its agreed Theoretical Perspectives. Our conception of the economy is of a "cumulative and evolutionary process unfolding in historical time". Our "concern is to address and encompass the interactive, social process through which tastes are formed

and changed, the forces which promote technological transformation, and the interaction of these elements within the economic system as a whole."

It is not an exaggeration to state that history is being made, and as economists we can and should play our part. It is hoped that the work of EAEPE in general, and in particular our November 1990 Conference in Florence on "Rethinking Economics" will make an important contribution to the development of new theoretical perspectives, and policies for Europe in the 21st century.

A number of EAEPE members have been asked to write small pieces on the theme of "Change and evolution in Europe: the constraints and possibilities", which will appear in this and future issues of the Newsletter. The Newsletter Editor urges EAEPE members to contribute to this debate, which will obviously enrich the intellectual vision of EAEPE but also hopefully the new Europe.

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The EAEPE Newsletter can include reports of current and proposed research and articles of interest to EAEPE members, as well as news and other items. Please send material to Michael Dietrich, EAEPE Newsletter Editor, Department of Economics and Government, Newcastle Polytechnic, Newcastle upon Tyne, NE1 8ST, UK. Articles will not be refereed, but the Editor reserves the right to decide what is to be accepted.

The Newsletter was designed and typeset from a PC disc by Roger Booth Associates and printed by Tyneside Free Press.

Membership

EAEPE membership is currently 313. This is an increase of 59 since the last Newsletter. By country our membership is now as follows, last Newsletter figures in parentheses:

AUSTRIA	7	(7)
BELGIUM	8	(7)
DENMARK	12	(11)
FINLAND	6	(6)
FRANCE	18	(14)
GREECE	1	(0)
IRELAND	2	(1)
ITALY	35	(19)
LUXEMBURG	1	(1)
THE NETHERLANDS	22	(21)
NORWAY	6	(6)
SPAIN	6	(4)
SWEDEN	15	(11)
SWITZERLAND	9	(8)
TURKEY	2	(1)
UNITED KINGDOM	96	(72)
WEST GERMANY	13	(11)
W.EUROPE:	259	(200)
CZECHOSLOVAKIA	5	(0)
HUNGARY	1	(1)
POLAND	1	(0)
ROMANIA	1	(0)
USSR	1	(1)
YUGOSLAVIA	2	(2)
E.EUROPE:	11	(4)
AUSTRALIA	4	(3)
CANADA	2	(1)
ISRAEL	1	(0)
JAPAN	2	(2)
KENYA	1	(1)
UNITED STATES	34	(26)
OTHER:	44	(33)

It is pleasing to see the emerging growth in Eastern Europe.

You Can Now Pay by Credit Card!

EAEPE membership and conference fees may be paid by Access/MasterCard/ Visa/Eurocard. Simply telephone (091-232 6002 ext 3939), preferably before 13.00 GMT, with your card number and its expiry date. Alternatively, you can notify us by post with the same information.

The advantage of this system, of course, is that you do not have to pay currency conversion fees. All transactions will be confirmed by post.

1990 Steering Committee and Secretariat Elections

EAEPE is a democratic organisation, and a general election of its Secretariat and Steering Committee has been called, with the following timetable:

Monday 17 September 1990: deadline for nominations

Friday 21 September 1990: circulation of ballot papers to members

Monday 29 October 1990: due date for return of ballots.

The Secretariat consists of the General Secretary, Treasurer, Newsletter Editor, and Conference Organiser. The Steering Committee is made up of the four person Secretariat plus ten additional members. Any (1990) EAEPE member is welcome to stand for any (or more than one) of these positions.

All nominations must be in writing and signed by the nominee, and by four nominating current (1990) members of the Association. Persons having difficulty obtaining nomination are welcome to contact the Secretariat for assistance. Nominations must be accompanied by information on country of residence and institutional affiliation. Candidates are requested to include an additional election statement of up to 100 words.

It was decided at the February Steering Committee meeting that continuity could be best maintained by the new committee being ready to take over after the conference. Among other things this allows newly elected members to attend the pre-conference Steering Committee meeting (formally in a non-voting capacity)

Are You An EAEPE Member?

We wish to establish EAEPE as a major European association so that it can make its contribution to theoretical and policy development in this rapidly changing world. Your help in this project would be much appreciated. Membership has doubled from a year ago, and our financial turnover now exceeds £20,000 per annum, excluding overheads.

EAEPE represents very good value for money. The pecuniary benefits of membership include a £20 discount off the annual conference fee and £3 off the subscription for the *Review of Political Economy*. Last year we were able to persuade two major academic publishers to offer discounts off the price of a number of books for EAEPE members. In addition, in 1989 EAEPE gave away grants to the total value of more than £4000 to help its members to attend its annual conference, and with the assistance of grants from the ESRC (UK) and the University of Florence we expect to exceed this amount for the 1990 conference.

As well as the right to receive our regular *Newsletter*, other benefits include the right to have your books reviewed and to announce your academic publications in that organ. Furthermore, you will have the right to vote in our internal elections, including a full election of our Secretariat and Steering Committee in Autumn 1990.

Above all, by becoming an EAEPE member you are helping to develop a network and forum for ideas in the European arena. As a broad and democratic Association, devoted to research and educational activities in the field of economics, we are unique. Your support and participation would be much appreciated.

In Memoriam

It with great sadness that we report the deaths of two colleagues.

Stephen Bodington died on December 24, 1989. Stephen was one of the first people to respond to the initial circular in the Summer of 1988 which led to the formation of EAEPE. His support in the foundation of this Association will always be remembered. We shall remember him also for his lively mind, his innovative contributions to Political Economy, his belief that formalism in economics should serve human ends and not be an end in itself, and for his strong commitment to democratic values.

Allan Gruchy died on 19 February 1990. Professor Gruchy was for many years a member of faculty in the Department of Economics, University of Maryland. He will be remembered for his role as a major scholar in the field of institutional economics. At the suggestion and support of colleagues, friends and family, the University of Maryland is initiating a graduate fellowship fund, the Allan G Gruchy Graduate Fellowship in Institutional Economics, to provide support for students with interests in institutional economics.

On behalf of all EAEPE members, the Newsletter Editor wishes to extend his deepest sympathy to the family and friends of Stephen and Allan.

NOTES ON THE EMERGENCE OF A NEW EUROPEAN INSTITUTIONALISM

Geoff Hodgson, Newcastle Polytechnic

The outlines of a new European school of economic thought are now partially visible. At this early stage it may be possible to attempt a cautious and brief description. 'New European Institutionalism' has strong links with the older American Institutionalism, i.e. the tradition of Thorstein Veblen and John Commons. However, in some respects it is different from the latter, and it contrasts even more significantly with the largely neoclassical 'New Institutionalism' of Oliver Williamson, Douglass North and others.

In addition to the 'old' American Institutionalism, major influences on the New European Institutionalism include the works of Michel Aglietta and the French *regulation* school, the realist philosophy of Roy Bhaskar and others, and the social and economic theories of Amitai Etzioni, J.K. Galbraith, Nicholas Georgescu-Roegen, Anthony Giddens, Nicholas Kaldor, William Kapp, Janos Kornai, John Maynard Keynes, Karl Marx, Gunnar Myrdal, Richard Nelson, Luigi Pasinetti, Edith Penrose, Joan Robinson, Kurt Rothschild, Joseph Schumpeter, G.L.S. Shackle, Herbert Simon, Max Weber and Sidney Winter.

Although a school of New European Institutionalists has not yet fully emerged, its theoretical work already exhibits a number of characteristics. First, there is a preference for non-reductionist and non-individualist modes of explanation, often eschewing methodological individualism or atomism and adopting a more organic approach.

Second, and in particular, the New European Institutionalists see a tension between agency and structure in the economic system. Scepticism of 'rational economic man' is often combined with an emphasis on habits, routines and non-deliberative action. Although some of the ideas of the Austrian School have been influential, there is a tendency to reject subjectivism – at least in its extreme versions – as well as determinism. On the whole, the philosophical approach is realist rather than instrumentalist.

Third, the New European Institutionalists often place great emphasis on radical uncertainty and problems of information and cognition. Institutions are seen as moulding cognitive processes as well as providing an important informational role.

For these and other reasons there is a rejection of empiricism and positivism. As all facts are theory-laden, a purely descriptive economics is impossible and all econometric work has severe limitations. Recognising this, the works of the New European Institutionalists are more openly theoretical than many in the Veblen-Commons tradition. However, both schools share a scepticism of econometrics and excessive mathematical formalism, and the value of empirical enquiry is not denied.

Fourth, the New European Institutionalists have gone further in the development of evolutionary modelling than many in the Veblen-Commons tradition and have incorporated a number of Schumpeterian ideas. A key idea here is the emphasis on the quasi-genetic function of habits and routines. Other New European Institutionalists are strongly influenced by the idea of cumulative causation, as promoted by Veblen, Kaldor, Myrdal, Kapp and others. Finally, the New European Institutionalists endorse the view of earlier American Institutionalists that economics is not defined by its theoretical approach but by its concern to analyse a real object: the economy. Further, there is a shared recognition that analysis is often value-driven, and there is prominent commitment to participatory, egalitarian and ecological themes.

Theorists resident in Europe, and working within or close to this New European Institutionalist tradition, include Robert Boyer (France), Norman Clark (England), Robert Delorme (France), Giovanni Dosi (Italy), Gunnar Eliasson (Sweden), John Foster (Scotland), Christopher Freeman (England), Neil Kay (Scotland), Tony Lawson (England), Stanley Metcalfe (England), Pascal Petit (France), Robert Rowthorn (England), and Gerald Silverberg (The Netherlands). Several are members of the European Association for Evolutionary Political Economy or the International Joseph A. Schumpeter Association. Key works include G. Dosi *et al* (eds), *Technical Change and Economic Theory* (1988), J. Foster, *Evolutionary Macroeconomics* (1987), N. Georgescu-Roegen, *The Entropy Law and the Economic Process* (1971), H. Hanusch (ed), *Evolutionary Economics* (1988), N. Kay, *The Emergent Firm* (1984), and J. Kornai, *Anti-Equilibrium* (1971).



THE TRANSITION FROM PLAN TO MARKET

Gérard Roland, Université Libre de Bruxelles

Only a few years ago, according to conventional wisdom it was easier to liberalize the economic system than to democratize the political system of the socialist countries. Perestroika and the political revolutions of 1989 in Eastern Europe have shown the contrary. The ease and rapidity with which Communist rule broke down in Eastern Europe has astonished all observers. More astonishing to many is that this process has been initiated by Communist reformers around M. Gorbachev.

Today's conventional wisdom is that, once Communist parties have been evicted from power, nothing stands in the way to a rash return to capitalism. If you listen to a Polish economist chosen at random, you get the impression that the slogan "catching up and overtaking capitalism" now means "let's be more capitalist than the capitalists". Even if there is a third way between plan and market, and if the alternatives discussed today in the East are either the British Thatcherite model or the Swedish Social Democratic model, it is quite clear that Eastern Europe, Soviet Union included, are headed towards the market. Political democratisation stands at the very beginning, not at the end, of the long and difficult road from plan to market.

Political democratisation hurts only a few interests in the Soviet-type system. It gives less weight to bureaucrats in the decision making process, but it gives much more weight to other parts of the population. The political change allows a more accurate reflection of the real balance of power among conservative and reformist forces inside the population. Once a powerful movement for democratisation has set in, whether initiated from above or below, the bureaucrats are not in a position to stop it. The Tian An Men solution is very risky, as experienced by the late Ceauscescu, and only yields very temporary benefits, as the post-Dengist Chinese leadership will soon experience. Even if it seemed, and was, a great ideological breakthrough, the battle for democracy and pluralism is rather easy to win.

Another great taboo that can and will be broken rather easily for similar reasons is that of private property. All early stages of economic reform start with the introduction of a small private and cooperative sector at the periphery of the planning system and in agriculture. This also hurts few interests. This sector can easily fill the holes of the plan and offer to the population goods and services that are in short supply. The emergence of private shares and bonds, also a big taboo, does not hurt many interests either. Many people will prefer to channel their excess liquidity to the private sector rather than to the state. Potential losers from the introduction of a private sector are monopoly state enterprises and black marketeers who will face competition from the new private sector. The biggest potential conflict to be predicted will arise as a consequence of the big incomes earned by the new entrepreneurs. There will be a short-term temptation inside the population to confiscate these incomes. This is particularly clear in the Soviet Union where egalitarian feelings are deeply rooted and where popular resentment against cooperatives is particularly high.

If private enterprise stays at the periphery of the system in a first stage of reform, it is less for ideological reasons than for purely economic ones. The logic of a shortage economy does not leave place for interdependence with the market. In a shortage economy, there is an important hoarding component in an enterprise's demands addressed to the central planners. As a result, the sum of demands generally exceeds capacities. This tends to extend the scope of planning to the totality of production. Moreover, under fixed prices, there is no automatic rationing procedure to distribute the industrial goods in short supply. You have to resort to bureaucrats who decide who is to get what. Private enterprises, and even state enterprises working according to the rules of the market cannot develop if they depend strongly on state supplies.

This is the rationale for the idea that reform must proceed in one bold sweep. An immediate and global reform risks however, a conservative backlash. Indeed, freeing prices in a shortage economy unleashes inflationary and even perhaps hyperinflationary processes. This can only be stopped by the introduction of a tough monetary policy forcing a great amount of bankruptcies, and thus unemployment. Even though these are only temporary phenomena, they may trigger off heavy popular resistance that, after the breakdown of the old Stalinist parties, will be voiced by right wing populist nationalist movements. So, more gradual reform will probably be needed, provided there is a minimum speed in the reform process. In any case, price reform and the introduction of bankruptcies, even if kept under control, are indispensable measures of the transition period, and these two obstacles will be more difficult to overcome, although the degree of difficulty will vary from country to country. Poland has gone the farthest and introduced a price reform in January 1990, lifting price subsidies, and establishing wage controls. This phase seems to have succeeded. The toughest is yet to come with the expected bankruptcies. Even though monetary policy will not be accommodating, I expect the Solidarity-led government to somewhat curb its policies on bankruptcies and to force to make certain compromises. The next few months will show whether this prognosis will prove false.

If any EAEPE members wish to respond to Gérard Roland's article, or more generally to present contributions on the nature of an emerging Europe, please send ideas to the Newsletter Editor.

Note: contributions will not be refereed.

EAEPE REVIEWS

Books, a major part of which are authored or edited by EAEPE members, may be reviewed in this section of the Newsletter; contact the Newsletter Editor for details.

JA Kregel, E Matzner and A Roncaglia (eds), *Barriers to Full Employment*, Macmillan Press, 1988.

Reviewed by Philip Arestis, Polytechnic of East London, UK.

The aim of this anthology of the papers presented to a conference held in Berlin in October 1985 is to initiate new explanations of the vexed problem of why industrialised countries have not been able to achieve higher levels of employment. Although the economic aspects of the problem dominate, the role played by political, sociological, psychological and institutional factors is highlighted and emphasised. This is an important characteristic of the book and one that elevates it to the frontiers of a *Political Economy* approach to the study of Economics.

There are six parts in the book, comprising of twelve chapters in all, with each chapter followed by commentary. Part I presents alternative theories to orthodoxy to demonstrate that there may well be theoretical barriers to full employment. Part II takes on board financial and monetary issues which are thought to be both important and problematic. The discussion of Austro-Keynesianism is intriguing in that Austria is one of the "successful" countries which in the 1970s and 1980s have not pursued the now bankrupt monetarist policies. There is the suggestion, though, that the Austrian performance may be unique. The Swedish labour market policies to fight unemployment are discussed and debated in Part III of the book. What is surprising in this context is the scepticism expressed about the usefulness of these types of policies in current conditions. It is demonstrated, nonetheless, that institutional barriers to full employment may exist. Part IV switches the argument to Welfare State regulations, industrial relations, the environment and technology. Post-Fordism has produced a very different pattern in terms of the relationship between employment and new technologies from the one of the Fordist era. It is clearly suggested here that further work is urgently required which ought to bring into the analysis sociological and other related social scientific factors. Part V provides a lucid view of the interplay and integration of economic policy with the factors just referred to. So that a new policy to combat unemployment should take full account of such an integration. Consequently, relevance to real world phenomena must be the prime objective of any analysis and conduct of economic policy. Part IV summarises and concludes in pretty much the same way. That an interdisciplinary approach to the unemployment problem ought to be seriously considered. Economic analysis is the necessary condition; the sufficient condition is the integration of economics with other relevant disciplines.

This is a very interesting, timely and readable book. It ought to be said, though, that a lot more could and should have been forthcoming of the successful countries in terms of their battles against unemployment and inflation and towards a more equitable distribution of income. In this respect it would have been fruitful if the experiences of Sweden and Austria were given a wider coverage. The same can be said of the issue of barriers to full employment emanating from the international dimension. Be that as it may, the book contains material which both students and colleagues should find extremely interesting.

JL Baxter, *Social and Psychological Foundations of Economic Analysis*, Harvester-Wheatsheaf, London, 1988.

Reviewed by George Hadjimatheou, Kingston Polytechnic, UK.

The main contention of this book is that economics has failed to make sufficient use of advances in other social sciences, especially in social psychology and sociology. A large part of the book is devoted to discussing some of these advances, mainly aspects of motivation and social comparisons. Following this, the relevance and importance of these ideas are discussed in the context of the economics of consumer behaviour and the labour market.

In discussing consumer behaviour it is suggested that the individual utility function should be recast to reflect the view that consumer preferences are interdependent. This can be achieved by using the concept of reference groups and entering relative income in the utility function. Simon's alternative to utility maximisation, i.e. the satisficing behaviour approach, is adopted for being more compatible with the psychological and social traits of human beings. Traditional consumer behaviour is further criticised for neglecting the importance of the life-cycle of needs and wants, dominated by age, sex and the family lifecycle, in explaining the pattern of consumer spending. It is difficult not to concur with the author that "intervening variables, in particular needs and social comparisons, can help provide us with a more unified framework for analysing consumer behaviour." At the same time, one must be careful to recognise the advances made so far, many of them in the context of the life-cycle hypothesis. Most of the empirical work in this area is based on aggregate studies which, as the author admits, present special problems in allowing for the influence of the "intervening variables" discussed in the book. Even so, empirical work so far includes studies that allow for the influence of income distribution, different types of income, age structure of the population, uncertainty, expectations, unemployment, state provision, liquidity and borrowing constraints, etc. Studies of individual consumer behaviour are rare because of the lack of appropriate data but analysis of household data does allow for family circumstances. Also, many of the innovations in recent work were triggered by the simplifying assumptions of the standard life-cycle model. The discussion in the book is relevant, useful, and often challenging to traditional economic analysis but does not provide an alternative to existing theory.

In the case of the labour market the author suggests that the formal income-leisure trade-off provides a less than satisfactory explanation of labour supply decisions. Its weakness arises from the neglect of the needs-based consumption life-cycle, the work life-cycle, and the role of working in satisfying basic needs of the individual, such as the need for companionship, or belonging, and the pleasure inherent in work. Finally in the case of wage determination it is forcefully argued that social comparisons, relative deprivation and personal notions of equity are important considerations that are often neglected in the standard model.

The book succeeds in making the case that the standard formal model does not provide a satisfactory explanation of economic behaviour because it neglects important social and psychological considerations. The arguments for richer social and psychological foundations are sensible and should be of interest to all students of economics.

Daniel W Bromley, *Economic Interests and Institutions. The Conceptual Foundations of Public Policy*, Basil Blackwell, Oxford 1989.

Reviewed by Peter Söderbaum, Swedish University of Agricultural Science, Uppsalla.

Daniel Bromley's book is at the same time a criticism of neo-classical welfare theory as a basis for public policy and a constructive attempt to suggest an alternative conceptual framework. The idea of economic efficiency is at the core of conventional welfare theory. But choosing on the basis of efficiency in the conventional sense is always conditional upon prevailing institutional arrangements. A different institutional setup will mean a different set of policy options and other recommendations will be made:

There is no single efficient policy choice but rather an efficient choice for every possible presumed institutional setup. To select one efficient outcome is also to select one particular structure of institutional arrangements and its corresponding distribution of income.

The fact that a number of nuclear power plants are operating in the USA is related to an institutional setup including limited liability from a nuclear accident to \$500,000. And some mutual agreement that no liability claims will be made by countries B, C and D which suffer from an accident in country A has a similar impact in Europe. With different rules of the game, e.g. rules more compatible with the Polluter Pays Principle or normal market insurance conditions, nuclear power would probably not be a viable alternative in monetary terms.

Like other institutional economists, Bromley points to the importance of institutions and that institutions should be dealt with as endogenous variables in economic analysis. He is critical of the approaches to institutional of many contemporary writers such as Harold Demsetz and Richard Posner of the property rights school and the Douglass North model. As other institutionalists of the Williamsonian tradition, Bromley suggests that it is more fruitful to study the early writings of John R Commons on institutions.

Referring to Bruce Caldwell and Paul Feyerabend, Bromley is also critical about the positivistic tradition in economics and the claims that efficiency conclusions are neutral from a valuational point of view. Instead it should be openly admitted that the Pareto approach is efficiency coloured in various ways. For this reason the analyst should listen to the objectives of the decision maker rather than impose the values inherent in the conventional approach.

This study by David Bromley is an important step towards a more fruitful conceptual framework for public policy. Some readers will appreciate Bromley's tendency, especially in the second half of the book, to use conventional techniques in terms of mathematical formulation and graphs. Social welfare functions are indicated in utility terms, for instance, the argument being that the usual idea of social welfare might not be the correct one.

Personally, I believe that the conventional language indicated is restraining our thoughts as scholars. There are many ideas of the public interest in a given society rather than one or two, and these ideas could be formulated in a language other than indifference curves. However, there is a dilemma in the sense that in order to convince neoclassical people we sometimes have to speak their language and beat them on their own grounds.

EAEPE REVIEWS

J Pheby (ed), *New Directions in Post-Keynesian Economics*, Edward Elgar, Aldershot/ Vermont, 1989.

Reviewed by John Hillard, School of Business and Economic Studies, University of Leeds, UK.

John Pheby's brief for the authors of *New Directions in Post-Keynesian Economics* was "to consider the past achievements and future prospects of post-Keynesianism" (p ix). In surveying the field, Hamouda and Harcourt (ch 1) argue that the post-Keynesians have failed to articulate a paradigm robust enough to challenge the hegemony of the orthodox equilibrium theory of economics. In short, the Keynesian revolution remains latent. From the perspective of Keynes's generation, Tarshis and Shackle shed valuable light on the nature of the aborted revolution. Tarshis's first-hand recollections of "Keynes's co-operative economy and the aggregate supply function" (ch 2) provide a constructive antidote to Weitzman's orthodox perception of the share economy. Shackle's contribution on "What did the General Theory do?" (ch 3) emphasises the centrality of Keynes's vision of consciousness in his struggle of escape from orthodox habits of mind. As Shackle concludes:

Keynes started to write one book and ended by writing another, and in turning from reformist to revolutionary he was outpacing his followers and his critics and leaving them to wonder which of the many roads to the horizon he had followed and whither he had disappeared. (p 58)

The revolutionary Keynes departed from his followers and critics when he progressed beyond the strait-jacket of pleasure/pain calculus and envisioned the human psyche as the product of motivations other than repressed anal-sadism. Shackle's emphasis on Keynes's discussion of the "psychological" is generally dismissed as nihilistic by orthodox and post-Keynesian economists alike because of the prospect of fundamental uncertainty implied by the vision of a non-determinist universe.

A major problem with Shackle's interpretation of consciousness, however, is its affinity to extreme subjectivism. Bohm's endeavour (ch 4) to build bridges between the subjectivist and post-Keynesian schools mirrors the methodological pluralism advocated by Pheby in his editorial introduction:

it has become increasingly doubtful whether post-Keynesianism alone can cope with the increasing diversity

and challenge of contemporary theoretical and policy issues. Consequently a desire and willingness to draw upon the insights provided by alternative perspectives is a route that is as necessary to take as it is worthwhile. (p xi)

Whether the flirtation with the methodological individualism of praxeology is likely to yield positive results is an open question. Just because subjectivists and post-Keynesians both declare a "healthy scepticism towards neo-classical economics" (p 59) does not indicate a shared intuition about the nature of the individual. There is a growing body of opinion that Keynes himself was inspired by the notion of organic interdependence as an alternative to atomism as the means of overcoming the problem of intermediation between the individual and society.

Hodgson's advocacy (ch 5) of an institutional foundation for post-Keynesian economics is far more convincing. Whilst accepting the Shackle insights on non-probabilistic uncertainty, Hodgson sees the missing link between the part and the whole being furnished at the institutional interface. Through the generation of habits and routines, the indeterminacy of fundamental uncertainty is transcended, at least in the immediate short-run.

Foster (ch 6) advocates an evolutionary perspective to restore the primacy of the principle of effective demand to the post-Keynesian project. Dow and Dow (ch 7) focus on the production and employment implications of the interdependence of credit endogeneity and liquidity preference. Earl (ch 8) develops a behavioural perspective for the analysis of portfolio choices in the context of deregulation and rapid technological change. Kay (ch 9) demonstrates the potential for post-Keynesians of insights derived from parallel developments in industrial economics. Finally, Smithin (ch 10) reminds us of the important distinction between consumption and investment aspects of public expenditure.

In all, *New Directions in Post-Keynesian Economics* proves that intellectual vision for the realisation of the Keynesian revolution is abundant. In deciding the way forward, the post-Keynesians are confronted by the choice, as were Keynes and his contemporaries, of either resting content in the orthodox citadel as more-or-less tolerated proselytes or, to reiterate Shackle's earlier point, setting off towards the horizon, whatever the uncertainty!

The Association for Evolutionary Economics

EAEPE has close ties with the US-based Association for Evolutionary Economics (AFEE), sponsors of the longstanding *Journal of Economic Issues*. Individual membership of AFEE, including a subscription to the journal costs \$25.00 annually (students \$12.50, institutions \$30.00). Members outside North America add \$5.00. Remittances to:

F Gregory Hayden

Department of Economics, University of Nebraska, Lincoln, Nebraska 68588, USA.

RECENT PUBLICATIONS BY EAEPE MEMBERS

The following publications are authored, in whole or in part, by members of EAEPE. This regular feature of the Newsletter is intended to disseminate information among members. EAEPE members are invited to send details of recent publications to the Newsletter Editor by 31 October 1990 for the next issue.

A Amin, University of Newcastle upon Tyne, UK.

'Flexible specialisation and small firms in Italy: Myths and Realities', *Antipode*, 21(1), 1989.

'A model of the small firm in Italy', in E Goodman, J Bamford & P Saynor (eds), *Small Firms and Industrial Districts in Italy*, Routledge, London, 1989.

'Specialisation without growth: small footwear firms in Naples', in Goodman *et al*, *op cit*.

with C Pywell, 'Is technology policy enough for local economic revitalisation? The case of Tyne and Wear in the North East of England', *Regional Studies*, 23(5), 1989.

James Angresano, Hampden-Sydney College, US.

'An Evolutionary-Institutional Approach to the Study of Comparative Economies', *Journal of Economic Issues*, 23(2), June 1989.

Phillip Arestis, North East London Polytechnic, UK.

and Mike Marshall, 'The New Right and the US Economy in the 1980s: An Assessment of the Economic Record of the Reagan Administration',

International Review of Applied Economics, 4(1), January 1990.

and Yiannis Kitromilides (eds), *Theory and Policy in Political Economy: Essays in Pricing, Distribution and Growth*, Edward Elgar, Aldershot, 1990.

and Mike Marshall, "'Reaganomics" and Supply-Side Economics, A British View', *Journal of Economic Issues*, 23(4), December, 1989.

Paul Dale Bush, California State University, Fresno, US.

'Institutionalism and Hermeneutics: A Comment on Mirowski', *Journal of Economic Issues*, 23(4), December, 1989.

Antonio G Calafati, Università Degli Studi di Ancona.

'Mutamento e continuità in tre sistemi finanziari europei (Germania Federale, Italia e Gran Bretagna): una proposta interpretativa', in *Credito e sviluppo economico*, a cura di A Niccoli, Giuffré, Milano, 1989.

Kurt Dopfer, University of St Gallen, Switzerland.

'Oekonomie als lebendes System', in L Bauer & H Matis (eds), *Evolution - Organisation - Management, Zur Entwicklung und Selbststeuerung komplexer Systeme*, Duncker & Humblot, Berlin, 1989.

'Mechanistisches Denken und seine Überwindung in der Oekonomie: Selbstorganisation und Strukturbildung', in R Dubs, A Nydegger & Y Hangartner (eds), *Festschrift zur Einweihung des Ergänzungsbaus der Hochschule St Gallen*, Buchsdruck, Buchs 1989.

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Review of Political Economy

EAEPE has close but informal links with the *Review of Political Economy*, including a reduced price for EAEPE members. The most recent issues include the following:

Volume 2, number 1, March 1990

Jeff Biddle, "The Role of Negotiated Psychology in JR
Common's Proposed Reconstruction of Political
Economy".

Norman Clark, "Evolution, Complex Systems and
Technological Change".

Malcolm Sawyer, "The Post Keynesian Tradition and
Industrial Economics".

Wade Hands, "Second Thoughts on 'Second Thoughts':
Reconsidering the Lakatosian Progress of *The General
Theory*".

Conversation with GLS Shackle.

Book Reviews and Newsletter.

Volume 2, number 2, July 1990

Sir Henry Phelps Brown, "Would Keynes have endorsed
incomes policies?".

Ian Steedman, "Perversity without Complementarity".

Daniel Hausman, "Supply and Demand Explanations and
their *Ceteris Paribus* Clauses".

Marina Bianchi, "The Unsatisfactoriness of Satisficing:
From Bounded Rationality to Innovative Rationality".

Richard England, "Marx and the Environment: A
Preliminary Model".

Conversation with Geoff Harcourt.

Other likely items

Uskali Maki, Sheila Dow and Tony Lawson on Realism,
Austrianism and Post Keynesianism; Michael Howard
and John King on Marxian theories of recent slumps;
Gary Mongiovi on Keynes, Straffa and the Labour
Market; Philip Mirowski on Econometrics; Bill Gerrard
reviewing the recent literature on Keynes' philosophy;
conversation with Israel Kirzner.

There will also be some articles assessing the contribution
of John Hicks. Also two specials on European
Integration and GLS Shackle are well in hand plus lots
of other interesting material currently under considera-
tion.

Submissions from economists working within the broad
traditions of political economy are welcome, and should be
sent in quadruplicate to:

Prof John Pheby

Department of Finance, City of Birmingham

Polytechnic Perry Barr, Birmingham B42 2SU, UK.

UK Subscriptions to the *Review* are £24.50 for individuals,
£21.50 for EAEPE members, and £48.50 for institutions.
Write to Edward Arnold Journals, 41 Bedford Square,
London WC1B 3DQ, UK.

*Alfred Marshall's "Principles of
Economics" Centenary Conference,
1890-1990*

Florence, Italy. 18-20 December 1990.

This conference marks the centenary of the publication of Alfred Marshall's *Principles of Economics*. The unique work has for many years fulfilled an important role in creating a way of thinking about economics in a large part of the world. Contrary to what might be believed, developments in economics in the intervening century have not undermined the relevance of Marshall's approach as it is set out in the *Principles*. Marshall's contribution has still much to recommend it; a careful consideration of his work might illuminate our understanding of economic reality. It is hoped that by bringing together an international group of scholars for the Conference, attention will be re-focused on Marshall's persisting significance and that a deeper appreciation of his thought will result.

For further information contact:

Marco Dardi

Facolta di Economia e Commercio, Via Curtatone
1, 50100 Firenze, ITALY

*IAREP/SASE Conference
Interdisciplinary Approaches to the
Study of Economic Problems
June 16-19, 1991, Stockholm*

The purpose of the Conference is to bring together researchers and practitioners who are interested in research on economic problems using different approaches. The Conference will be a meeting place for economists, psychologists, sociologists and other scientists engaged in such research. The programme will include paper presentations, invited lectures, and panel discussions. A whole session will be devoted to discussions of the multi-faceted economic problems facing Eastern European countries as they move towards changed economic and social systems.

Call for papers will be sent out to members of IAREP and SASE and other interested parties before or during the summer of 1990. For more information contact:

IAREP/SASE Organizing Committee

The Stockholm School of Economics, PO Box 6501,
S-113 83 Stockholm, SWEDEN.

IAREP: The International Association for Research
in Economic Psychology

SASE: The Society for the Advancement of
Socioeconomics.

*Karl Polanyi Institute of Political
Economy*

***Third International Karl Polanyi
Conference***

***Social Transformations in the
Contemporary World***

Milan (Italy), November 7-10, 1990

The conference will be divided into eight sessions:

- * Political Economy: the contemporary challenges
- * The future of Socialism in the Socialist Countries
- * Universal Capitalism versus Regional Planning
- * Ethical and Ecological Critique of Market Society
- * Individual, Community and the State
- * The future of Socialism in the Capitalist Countries
- * Studies of Karl Polanyi
- * Economic Anthropology.

Correspondence should be addressed to:

Alfredo Salsano

c/o Stilema S.r.l., Via Monte di Pieta 15, 10121
Torino, ITALY.

*Evatt Foundation Conference
Labour Movement Research: Strategies
for the 21st Century
University of New South Wales,
September 19-21, 1990*

The conference will emphasise three main themes, forming the basis of plenary sessions:

- * Towards a new unionism: future challenges for Trade Unions in the 1990s and beyond.
- * The implication for the labour movement of giant trading blocs in Europe and the Asia-Pacific region.
- * Responsible economic development and its implications for the labour movement.

In addition the conference will include workshops dealing with a range of related issues.

The registration fee for the conference will be \$300 for the three days or \$100 per day. Concessions are available for students, pensioners and the unemployed. Sessions of the conference will be held on the campus of the University of NSW. Accommodation will be available at the rate of \$55 per day. Further information and registration forms can be obtained from:

Pam Simons

Secretary, International Conference on Labour
Movement Research

Evatt Foundation, Level 3/750A George Street,
Sydney, AUSTRALIA 2000.

EAEPE 1990 CONFERENCE

*'Rethinking Economics:
Theory and Policy for Europe in the 21st Century'
Hotel Montebello Splendid, Florence, Italy.
15th-17th November 1990*

Plans for the 1990 Conference are proceeding apace. The provisional Conference Programme follows. Further bookings are welcome.

Details can be obtained from:

EAEPE Conference Organiser, Department of Economics
Newcastle Polytechnic, Newcastle upon Tyne, NE1 8ST, UK.
Tel: 091 232 6002 ext 3939.

Conference fees can now be paid by credit card.

Thursday 15th November

- 14.00-19.30 Registration at Hotel Montebello Splendid, via Montebello
16.00-19.30 Steering Committee Meeting

Friday 16th November

- 08.00-09.00 Registration at Hotel Montebello Splendid, via Montebello
09.00-10.30 **1 Plenary Session on European Integration:** Philip Klein; John Cornwall & Wendy Cornwall

11.00-12.30 4 Workshops:

- 2.1 Institutional Theory:** Peter Wynarczyk; Alessandro Franchini Stappo
2.2 Technological Alliances and Sub-Contracting: Vivien Walsh; Klaus Semlinger
2.3 Regional Divergence: Michael Steiner; John Williams, Karel Williams & Colin Haslam
2.4 Socialism and Markets: Alberto Chilosi; George Catephores

13.30-15.00 4 Workshops:

- 3.1 Explaining Economic Growth:** Geoff Hodgson; Andrew Tylecote
3.2 National Systems of Innovation: Maureen McKelvey; Bruno Amable
3.3 The State and Public Policy: Christos Pitelis; Christine Andre
3.4 Revitalising Eastern Europe: Judith Marquand; Benedetto Gui

15.30-17.00 4 Workshops:

- 4.1 The Theory of Prices and Markets:** Frederick Fourie; Marc R. Tool
4.2 Flexible Specialisation and Post-Fordism: Carsten Jensen; Ash Amin & Mike Dietrich
4.3 Perspectives on Technological Diffusion: Gerhard Wegner; Fabio Arcangeli
4.4 Ownership Structures in Eastern Europe: Ludek Rychetnik; Irina Peaucelle

17.10-19.30 EAEPE Members' Meeting

Saturday 16th November

09.00-10.30 **5 Workshops:**

- 5.1 Evolutionary Modelling:** Alfredo Del Monte; Hossein Jalilian
5.2 Innovations & Capitalist Evolution: Uwe Cantner & Horst Hanusch; Lazaros Houmanidis
5.3 Production Flexibility and Technological Change: Mario Morroni; Martin Borjeson
5.4 Problems of Monetary Integration: John Smithin; Horst Brezinski
5.5 Problems of Reformed Eastern Bloc Economies: James Angresano; Bruno Dallago

11.00-12.40 **6 Guest Lectures on Evolutionary Economics:** Richard Goodwin, Ulrich Witt

13.40-15.10 5 Workshops:

- 7.1 Innovation & Institutions:** Ole Andersen & Kirsten Bregm; Lars Magnusson & Goran Marklund
7.2 Industrial Dynamics & Work Organization: Klaus Weiermair; Dominique Foray & Pierre Garrouste
7.3 Environmental Policy Perspectives: Joseph A. Weissmahr; Peter Soderbaum
7.4 The Domestic Economy and the Welfare State: Jane Wheelock; Graeme Duncan
7.5 Structural Change: Klaus Nielsen & Ove Pedersen; Eskil Ekstedt & Roger Henning

16.40-17.30 **8. Plenary Session on De-Industrialization:** Benjamin Coriat & Pascal Petit

17.30-19.00 4 Workshops:

- 9.1 Perspectives on Monetary Theory:** Grahame Thompson; Michael Hutter
9.2 Industrial Relations and Flexibilization: Thomas Boje; John Grahl & Paul Teague
9.3 Economics and the Environment: Frank Dietz & Jan van der Straaten; Jon Mulberg
9.4 Technological Specialization: Mary Farmer & Mark Matthews; Daniele Archibugi & Mario Pianta

20.00 Conference Dinner