# Association for Evolutionary Economics 2023 Conference Program

**AFEE Special Events (J.W. Marriott New Orleans)**

**AFEE @ ICAPE 2023 Program (University of New Orleans)**

**AFEE @ ASSA 2023 Program (J.W. Marriott New Orleans)**

## AFEE Special Events J.W. Marriott New Orleans

For those attending virtually, AFEE will zoom its special events, details for signing up will be provided shortly.

**Thursday, January 5, 2023**

**JEI Editorial Board Meeting** 4:00 PM - 5:00 PM (CST) J.W. Marriott room: TBD

**AFEE Board Meeting** 5:30 PM - 10:00 PM (CST) J.W. Marriott room: TBD
The AFEE board meeting is open to members. Contact erhake@catawba.edu if you would like to attend.

**Friday, January 6, 2023**

**Veblen-Commons Award Luncheon** 12:30 PM - 2:15 PM (CST) J.W. Marriott room: TBD
Dr. Jon D. Wisman, American University "Thorstein Veblen, the Meaning of Work, and its Humanization"
Details on luncheon reservations will be provided soon.

**AFEE Membership Meeting** 5:30 PM - 7:00 PM (CST) J.W. Marriott room: TBD

The AFEE membership meeting is an opportunity to recognize the recipients of awards, discuss the business of AFEE and any outcomes of the AFEE board meeting, and share details about members activities and possible future projects.

**2023 Clarence E. Ayres Scholar**: Professor Kanchana Ruwanpura, Professor of Human Geography, University of Gothenburg.

**2023 James H. Street Scholar**: Professor Huáscar Pessali Federal University of Paraná, Brazil

**JEI Editor's Prize for 2022**: Clotilde Champeyrache "Institutional Mistrust, Instrumental Trust, and the Privatization of Law: The Mafia as a Territorial Ruler." *Journal of Economic Issues*, Volume LVI (56), Number 4 December 2022. Pp 945-957. The author is a lecturer in the Department of Criminology ESDR#C, Conservatoire National des Arts et Métiers, Paris France.

**Saturday, January 7, 2023**

**AFEE Presidential Address** 5:15 PM - 6:30 PM (CST) J.W. Marriott room: TBD
Mary Wrenn, University of the West of England "Overcoming Optimism and Moving toward Hope"

**AFEE Cocktail Reception** 6:45 PM - 8:30 PM (CST) J.W. Marriott room: TBD

# Association for Evolutionary Economics (AFEE) – January 2023 Conference Sessions in New Orleans

AFEE is sponsoring 15 sessions in two academic conferences in New Orleans, Louisiana, USA, in January 2023. Four of these sessions will occur as part of the annual conference of the International Confederation of Associations for Pluralism in Economics (ICAPE) at Loyola University, New Orleans, on January 5. The remaining 11 sessions will be held at the Allied Social Science Association meetings, January 6-8, in the JW Marriott New Orleans hotel. Room numbers are not yet announced. This document sets out planned sessions by day and time; authors and abstracts for each session are shown in alphabetical order. The participant list is subject to change due to the costs and risks of traveling to a US state with no right to abortion. For changes, contact Gary Dymski (g.dymski@leeds.ac.uk).

# THURSDAY, JANUARY 5, 2023: UNIVERSITY OF NEW ORLEANS

AFEE@ICAPE Session 1: Energy, Environment, and Institutionalist Thinking (January 5)
Session co-chairs: Gary Dymski and Tonia Warnecke

**Paper 1: Money in biophysics economics: crossing disciplinary boundaries**

Natalia Bracarense, SciencesPo Toulouse, France

**Abstract:** Economists have often looked at the economy in a vacuum, which include the persistence to pursue indefinite growth in a finite planet (Attenbourough 2012). According to biophysical economists, this blind search for economic growth is a consequence of the departure from the Physiocrat school of thought. Although Adam Smith (1776) praised the theoretical advances of their French colleagues, a coherent theory based on energy transformation would need to wait another century for the development of the theory of thermodynamics. Meanwhile, economic theory moved in a different direction: a world where natural resources (or land) only have value if it was commodified, i.e., lent/rented to produce marketable output (Say 1827)—a forest has no economic value, but lodges can yield a fortune.

Aimed at addressing this issue, biophysical economists have developed an embodied energy theory of economic value, arguing that the value of any good or service can be traced back to the quantity of energy directly and indirectly used in its production (Odum 1977; Costanza and Herendeen 1984). Influenced by this perspective, Charles Hall and Carlos Ramírez-Pascualli (2013) explore how vital fossil fuels are for the development of modern socio-economic systems, while Gail Tverberg (2012) evaluates the impact that resources such as fossil fuels have on economic growth, inequality, and financial crises By showing the connection between the expansion of money (IOU) and fossil fuels, the objective of the present paper is to call for economists of different heterodox tradition (in particular, original institutionalists, feminist economists, and post-Keynesian) to join ecological and biophysical economists in the effort of constructing an economic theory that guides the economy towards the reduction of environmental degradation while guaranteeing access to human rights to every human.

**Paper 2: The Curious Case of Nicholas Georgescu-Roegen**

Ranganath Murthy, Western New England University, USA

**Abstract:** For someone who Paul Samuelson called "a scholar's scholar, an economist's economist," Nicholas Georgescu-Roegen has left practically no mark on mainstream economics. He came to economics relatively late in life, and remained forever an outsider to the mainstream. In 1966, he wrote a 127-page introductory essay to his *Analytical Economics: Issues and Problems*. This was expanded and published in 1971 as *The Entropy Law and the Economic Process*. The timing was fortuitous. It predated the Club of Rome report, *Limits to Growth*, and the oil crises of the 1970s. As attention turned to the problems of energy and the environment, Georgescu-Roegen's message that the Second Law of Thermodynamics was a more apt metaphor for economics than Classical Mechanics gained him some fame among economists in the fields of Ecological Economics and Evolutionary Economics. Outside of those fields he remains largely unknown and underappreciated. Sadly, this is true even among heterodox economists. This paper attempts to introduce the reader to the works of Georgescu-Roegen, from his early writings on consumer theory, through his essay on economic theory and agrarian economics, to his criticism of mainstream economics—for its mechanistic outlook, its misuse of mathematics, its neglect of history, institutions, and irreversible and unpredictable qualitative change. It is regrettable that his proposed book *Bioeconomics* never ever was published—nor for that matter another, *Production and Institutions in Agriculture*. But in his writings since the mid-1960s practically till his death in 1994, one can see clear signs of an effort to devise a new paradigm for economics, grounded in organic and evolutionary concepts and focused on the biophysical limitations on economic activity.

**Paper 3: Modern Monetary Theory and Energy Conservation: An Institutionalist Approach to Fiscal Policy and Energy Conservation**

Scott McConnell, Eastern Oregon University, USA

**Abstract:** The purpose of this paper is to develop a theoretical and policy-relevant link that will accomplish the dual purpose of promoting conservation of energy while driving the value of the domestic currency. This analysis will be couched in the Modern Monetary Theory framework, relying on the 'taxes-drive-money,' or 'Chartalist' approach to Government spending and taxation. While most Modern Monetary Theory policy has centered on employment programs designed to sustain aggregate demand, the policy to be introduced in this paper will focus on discretionary taxation with a goal toward energy conservation. Over twenty percent of all greenhouse gas emissions occur in the heating and cooling of built structures. As energy efficiency of appliances has improved, homes have become much larger in size, negating these positive gains. Greenhouse gas emissions must be controlled to keep the worst of effects of climate change at bay and this paper will argue that a "living space tax" may fit well within a broader Green New Deal approach to energy conservation.

**Paper 4: The Enduring Legacy of the Civilian Conservation Corps. A Mixed-Method Study Using Pinnacles National Park to Evaluate the Impact of Transformed Landscapes**

Brandon McCoy, University of Redlands, USA

**Abstract:** This inquiry uses Pinnacles National Park (PNP) as a case study to evaluate the impact of the Civilian Conservation Corps' (CCC) transformation of the physical, social, cultural, and economic landscapes. The evaluation begins by describing the "Great Crash" and motivation for the policy intervention that created the CCC. Primary sources held by the National Archives and Records Administration and the National Park Service are used to identify the legacy of the CCC in PNP, including documenting the projects and costs. After stating the policy objectives, documenting the activities undertaken, and considering the relationship between the objectives and activities, the evaluation attempts to measure the impact of the CCC. A count data model using on-site, secondary data from the 2013 Visitor Survey Project is used to estimate the

economic value of the transformed landscape, facilitating comparison of the cost and benefits of the policy intervention. To understand additional complexities of the policy's impact, the analysis utilizes qualitative data from key informant interviews and evidence from the case study of PNP. The final section concludes with policy suggestions that emanate from a critical engagement with the past, connecting contemporary policy with a historical perspective.

**Paper 5: Entrepreneurship and the Doughnut Economy**

Tonia Warnecke, Rollins College, USA

**Abstract:** Today, the world faces significant and complex challenges (economic, social, political, and environmental); the pandemic has further exacerbated these challenges and widened already-existing inequalities. Frameworks such as doughnut economics or social solidarity economy provide an alternate lens for considering economic development processes and local, national, and international policies. One important dimension is employment. The proliferation of informal and insecure work, race and gender gaps in decent work opportunities, and other issues stymie progress toward Sustainable Development Goal #8, full and productive employment and decent work for all. Some policymakers have increasingly supported entrepreneurship programs as a means of bridging labor force participation gaps. All forms of employment are diverse, and entrepreneurship is no exception. What is the role for community-based enterprises, cooperatives, environmental enterprises, and social enterprises to support a less unjust society? What type of institutional ecosystem is needed to support these types of enterprises? Discussion will share examples from China and India.

## AFEE@ICAPE Session 2: New Ways of Building Sustainable Institutions (January 5)
Session chair: Howard Stein

**Paper 1: Institutional economics and cultural neuroscience: a promising alliance?**

Rojhat Avsar, Columbia College Chicago, USA

**Abstract:** Institutions such as social norms reveal themselves through behavioral patterns and/or self-reported testimonies. Do they have any concrete embodiments in the brain? Based on the recent series of neuroscientific evidence, cultural differences (e.g., discourse around civic duties) do seem to leave a visible "mark" in the brains of those who inhabit these cultures. Such findings are remarkable on a several levels. Neural plasticity of the brain allows cultural practices via habituation/socialization to have significant effect on (1) the way of thinking as to such matters as collectivism vs. individualism, and (2) the development of social emotions (e.g., shame, guilt etc.). However, once an individual is strongly embedded in a culture, the established brain networks condition behavior and thought quite reliably—which is, possibly, making inter-cultural miscommunication more likely.

**Paper 2: Data-gold at the end of the sustainable food production rainbow?**

Wilfred Dolfsma, Wageningen University & Research, The Netherlands
Gohar Isakhanyan, Wageningen University & Research, The Netherlands
Sjaak Wolfert, Wageningen University & Research, The Netherlands

**Abstract:** In primary stages of production of agrifood data is and could extensively be produced. Indeed, it is believed that 'datafying' agrifood, by making extensive and integrated use of Information Technology (IT) will make agrifood (much) more efficient while meeting Strategic Development Goals - agrifood is core to many such challenges. Use of pesticides, fertilizers, water can be reduced while at the same time output can increase in quantity and quality while reducing food waste levels far below the current estimated 30%. This suggests the American question: "If you're so smart, why aren't you rich?" Why has the use of IT in agrifood

not been much more widespread yet? We identify reasons why producers of agrifood may not be as well-positioned as seems possible to datafy agrifood. Obviously, data production is costly, in part because data must be processed into a format fit-for-purpose relevant for the needs of a diversity of players across the agrifood value chain. We identify and elaborate on 3 issues relevant for understanding why extensive use of IT to datafy agrifood is more limited so far than what could be expected: (1) data production vs. use distance, (2) data quality and data standardization issues, and (3) data completeness issues. Different players in agrifood value chains will have different positions for these issues.

**Paper 3: Democratic Finance: Citizen Fund**

Mads Hansen, EPOG+, European Union/France
Natalia Molina, EPOG2, European Union/France

**Abstract:** In the history of mankind, no time has been as challenging as the present day. Maybe it was always like that. But it appears clear to many that the tools we have to organize ourselves and each other need to improve if we want to resolve and prevent crises like the present. The world needs to change. And it has in the past. Historically, two ideas of actions and actors were of special importance: the individual actor, like the entrepreneur mediated by markets; and collective action, like civil society and the state, mediated by agreements and shared information. Both ways of action, to facilitate change, are simultaneously dependent on each other and in concurrence with each other. For the classical Greeks of Sparta and Kreta, on the one hand, the ownership of wealth/land/slaves legitimized the vote of the first male democratic citizens. On the other hand, many authors argue that unfettered (financial) markets, credit booms, and financialization weaken our democratic institutions and culture. Depending on the historical circumstances, specific arrangements emerged to combine these powers.
The aim of this paper is to resolve the conflict anew by studying theoretical considerations and realized experiences to deduce design principles, before presenting an archetype of a novel instrument for democratic finance: the citizen fund. Before concluding, the legal and institutional implementation are mapped out in developing and developed countries.

First, by conducting a historical literature review, we gather experiences from more than 120 years of thinking (and acting) about democracy, the economy, finance, the state, and innovation, and deduce design principles for a system of sustainable and efficient resource allocation: Such a system gathers and processes information, fosters innovation and collaboration, internalises costs and benefits, decreases waste, balances interests and risks, and grows with its challenges. Such a system must fulfil these properties better than the existing and converge towards a stable optimum over time, on its way not only transforming the economy but society and culture as well and act as a catalysator for change.
The result is a severely modified sovereign-wealth-fund held directly by the sovereign (the citizens) and constituting one of the pillars of future democracy.

**Paper 4: Towards a New Model of Citizenship Culture: Exploring the Incidence of Urban, Artistic and Cultural Activities**

Clara Pardo, Universidad del Rosario, Colombia
Alexander Cotte, Universidad Santo Tomás, Colombia

**Abstract:** Cities develop different strategies to promote citizenship culture through their multiple benefits, such as social inclusion, active citizenship, democracy, security and equality, generating improvements in social and environmental performance in urban life. In this context, it is important to measure and analyse how citizenship culture supports growth and development in cities. For this reason, this research seeks to establish a citizenship culture index through variables related to public space, social agreement, trust, and institutions and determine what factors could affect citizenship culture by applying a quantile regression model using the localities of Bogotá as a case study. In recent decades, different programs and policies have been applied to promote citizenship culture. The results of this study indicate that citizenship culture depends on higher or lower amounts of different variables. Hence, better socioeconomic conditions

generate a higher citizenship culture index because these citizens have more opportunities and respect for the collective; a higher household quality positively affects the citizenship culture index, considering the close connection between household features and socioeconomic well-being; and higher practice of or attendance at artistic and cultural activities promote a higher citizenship culture index. The findings of this study are important to developing adequate policies that include citizenship culture as a key factor to promote better citizens, higher citizenship culture, an inclusive society and development with lower inequalities and opportunities for all citizens in cities.

**Paper 5: Building a Theory and Strategy of Economic Development from Keynes' Shifting Equilibrium**

Devin Rafferty, Saint Peter's University, USA

**Abstract:** John Maynard Keynes defined shifting equilibrium as, "the theory of a system in which changing views about the future are capable of influencing the present situation", while in an early post-Keynesian analysis that clarified this concept's properties Jan Kregel offered that it represents, "Keynes' complete dynamic model where…the independent expectational functions are free to shift over time…[so that] failure to hit on the point of effective demand may mean not only that the system has missed the intersection of the aggregate demand and supply curves, but that this will cause the curves themselves to shift, since their underlying determinants…will be readjusting". Now, despite shifting equilibrium's ontological origin as being a framework to understand how fundamental uncertainty transforms money into a real factor in a developed monetary economy, it is the thesis of this paper that this concept is both transferable to a study of developing nations and is incredibly instructive for understanding how a development process evolves. Hence, it demonstrates the means by which developing nations can jump onto more effective development trajectories and thereby highlights how short term demand targeting can influence long term structural change by positively augmenting a variety of real variables. It can thus be used as a prescriptive baseline for hatching a strategy of economic development.

## AFEE@ICAPE Session 3: Stratification, difference and inequality (January 5)

Session co-chairs: Gary Dymski, Bill Waller and Mary Wrenn

**Paper 1: Stratification Economics: Historical Origins and Theoretical Foundations**

John Davis, Marquette University, USA, and University of Amsterdam, The Netherlands

**Abstract:** Stratification economics explains how the economy is organized around enduring social group hierarchies, particularly by race and gender. Classical economics, especially Ricardo on growth and distribution, anticipates Stratification economics in its focus on social classes, but does not examine the relationships between classes and social groups or the mechanisms that sustain social group hierarchies. Attention to social groups appears in Marx in his analysis of the relationship between capitalist labor exploitation and slavery, and in Dubois on how the postbellum, 'reconstructionist' U.S. economy was built on racial discrimination. At the beginning of the twentieth century, Veblen describes a set of mechanisms perpetuating social group hierarchies with his ideas of tribalism, between-group competition, and social ladders. Post-WWII, important advances are made by Williams in his history of the slave trade and African enslavement foundations of U.K. capitalism, Lewis' development theory of non-competing groups, and Blumer's social psychology explanation of discrimination. Social economic stratification thinking is then given further development from the 1980s by feminist economists and from the 1990s by black economists and other economists of color, and 'Stratification economics' is identified as a distinct economic approach by Darity and his colleagues with a JEL classification. This paper reviews this history in order to lay out Stratification economics' theoretical foundations. It focuses on micro-level mechanisms that sustain enduring social group hierarchies, their macro-level structural characteristics, and the implications they have for possible social economic policies that would work to break them down.

**Paper 2: Fault and Restitution in the Freedman's Bank Crisis**

Ely Fair, University of Missouri-Kansas City, USA

**Abstract:** The Freedman's Savings and Trust Company, founded in March of 1865, remains the only federally chartered depository institution in United States history. The bank was established with the express purpose of providing safe depository access for newly freed black Americans. Despite a charter dedicated to conservative banking, the boot-strap mythology expounded by Congress was undermined by an all-white banking board rife with nepotism and fraud. Nine years following its founding, the Bank folded, swallowing 57 million dollars in deposits spread among roughly 72 thousand individuals.

The Freedman's Bank offers reparations policy advocates a novel and under-explored opportunity. Despite the near universal recognition that the fault for the institution's collapse lies with Federal mismanagement, a large majority of the deposits where never compensated. Both the power to restitute and the culpability rest in the same party. Further, the record keeping of the bank ensures reasonably clean lines of inheritance for compensation. Combined these two factors make a return of Freedman's Savings deposits a politically viable possibility in the rhetoric of contemporary America.

This paper proceeds with an overview of the historical and legal circumstances surrounding the Bank with the aim of establishing clear grounds for depository restitution through the U.S. Treasury. Following this discussion, I employ a series of alternative calculations to estimate the contemporary value of the deposits. While statistically simple, the ultimate decision as to the appropriate measure is paramount, as slight variations in the assumptions compound dramatically over the interceding 147 years.

**Paper 3: Colombia's Monetary Policy and its Impact on Income Distribution**

Ivan Velasquez, University of Missouri-Kansas City, USA

**Abstract:** In 1991, Colombia got a new Constitution that brought critical institutional changes. One of the most significant changes was to declare the independence of her central bank, Banco de la República, which crucial role defined by the constitution is to keep price stability over other variables. These institutional changes create an environment where thigh monetary policy is the norm. Accordingly, the inflation rate went from 30.3% in 1991 to 3.2% in 2018, with an average official unemployment figure around 10.2%, an average poverty rate around 35%, and an average growth rate of 3.5%. The control of the inflation rate has been celebrated by orthodox economics as an example of what the conventional approach can achieve. Still, such autonomy helped create an environment of a massive poverty level with income inequality where workers lost their share, going from an average of 50% in the 1980s to an average of 40% after the Constitutional change.

This paper's aim is twofold. First, I study using the Modern Money Theory insights into how monetary and fiscal policies coordinate under this specific institutional arrangement. Second, I analyze the role of Colombia's monetary policy in shaping the distribution of income between capital and workers. Using a heterodox approach grounded on the MMT insights and other tools, I contend that despite Colombia's central bank's constitutional independence, its monetary policy coordinates with the Treasury to achieve policy goals.

**Paper 4: The Covid-19 crisis as an opportunity to (further) extend neoliberalism into the Higher Learning**

William Waller, Hobart and William Smith Colleges, USA
Mary Wrenn, University of the West of England, UK

**Abstract:** Philip Mirowski, in his book, *Never Let a Serious Crisis Go to Waste*, describes how crises, such at the 2007 Great Financial Crisis, are used by neoliberals to extend neoliberal policies and adjust institutions is such a way as to strengthen and further entrench neoliberal values and goals. He explains that one of the mechanisms used is agnotology (deliberate, culturally-induced ignorance or doubt). We will argue that the Covid-19 pandemic created a crisis whose consequences created such an opportunity to extend and further entrench neoliberal policies, goals, and values into higher education in the US and elsewhere. The emphasis on "further" is important since the neoliberal turn in higher education, and all education in general, was well

underway. However, the pandemic created a good opportunity to quickly extend the process of neoliberalization in higher education. Moreover, we will argue that a tipping point may have been reached where higher education is irreversibly neoliberal in that the goals of the entire educational process. Where that process has been transformed from developing the critical thinking skills and the goals of classical liberal education in the humanities, arts, and sciences to create a citizenry capable of sustain a democracy, into a system for training and producing compliant workers for employers who will not, because they cannot, question the underlying neoliberal construction of the society and the disembedded economy. Thus, achieving the "total depravity" in higher education that Veblen feared and described in his classic book, *The Higher Learning in America*.

**Paper 5: Rethinking the purpose and scope of economic policy in the post-Covid era – nurturing an economy that is racially just by design**

Gary Dymski, University of Leeds
Hanna Szymborska, Birmingham City Business School

**Abstract:** The Covid-19 pandemic laid bare the deep structural inequalities present in contemporary capitalist economies. Unequal health outcomes and the economic disparities that underpin them have been particularly acute and visible across the dimension of race and ethnicity. Evidence shows that these disparities are not attributable to behavioural differences across racial/ethnic groups but are instead produced and reproduced by systemic forces of structural and institutional racism that are embedded in the capitalist mode of production.

Despite the overwhelming evidence for these systemic causes of inequality, economic policy has largely steered clear from interventions that would explicitly and purposefully aim to counteract the forces of structural and institutional racism. This is evidenced by the policy responses to the 2008 global financial crisis, which have to some extent been replicated more recently in response to the Covid-19 pandemic. Fiscal policy tools, especially public expenditure, have been seen as only short-term responses to the initial economic shock, with monetary policy taking the leading role in striving towards economic recovery in the long term.

## AFEE@ICAPE Session 4: Understanding 'The End of Normal,' and and Surpassing It (January 5)

Session co-chairs: Gary Dymski and Claudius Gräbner-Radkowitsch

**Paper 1. Can *Tax-the-Rich* be MMT policy?**

Eric Glock, The University of Missouri in Kansas City

**Abstract:** It has been rightly asserted that taxing the rich is not a valid policy tool to draw aggregate demand down to a level sufficient to control inflation. This stems from the relatively lower marginal propensity to consume of investors compared to workers. However, the obverse of this argument can effectively be used to demonstrate that a tax the rich policy might in fact be a valid Modern-Monetary-Theory (MMT) policy tool used to fund government programs. Bond sales and/or eventual money creation by government have the potential, according to MMT theory, to utilize capacity neglected by private industry. Taxing the rich performs the same function as bond sales to the wealthy: they transfer investment income form the private to the public sector. Taxation of the wealthy that would crowd out otherwise increased bond sales to fund a new program goal represents no loss to private-investment demand. However, consistent with MMT's supposition that deficit spending may overstrain capacity and require taxation, a tax-the-rich policy has the same potential effect. Adaptation of a tax-the-rich policy by MMT has the propensity to bridge a growing gap between progressive politicians and MMT advocates in the realization that their essentially shared program goals can be met by variant policies with in-fact similar effects: government financing of the development of unused capacity by tapping into unused private investment dollars occurs whether borrowing from or taxing

the wealthy. It therefore seems reasonable to suggest that a tax-the-rich policy might be endorsed as valid MMT policy. Fundamentally, the original MMT insight that government need not tax to finance programs if sufficient unused capacity is available to source them is in fact immaterial given MMT's stipulation that taxing the rich does not significantly affect consumer demand. Given that taxing the rich allows government to fund programs without a reduction in consumer welfare, the implied advantage of deficit spending, the former achieves the same ultimate goal as does deficit spending, yet without a government debt burden.

**Paper 2: To Compete or not to Compete: An Institutionalist Analysis of the New Development Model of the European Union**

Theresa Hager, [1]Institute for Comprehensive Analysis of the Economy (ICAE), University of Linz, Austria
Anna Hornykewycz, ICAE, University of Linz, Austria
Claudius Gräbner-Radkowitsch, Europa University Flensburg, Germany, and ICAE, University of Linz, Austria

**Abstract:** To address the challenges of climate change and sustain its standards of living, the new European Commission has delineated an economic development model for the European Union (EU). At its core lies the combination of two concepts: 'competitiveness' and 'sustainability'. Together, as 'competitive sustainability', they form the guiding principle for development. The paper critically investigates this concept and its transformative potential from an institutionalist perspective and asks whether it can serve as a role-model for other 'advanced' regions by taking both planetary boundaries and social justice considerations seriously. This investigation comprises three dimensions:

First, on the conceptual level, the paper discusses the intricate relationship between 'competitiveness' and 'sustainability': while 'competitiveness' is a relative concept that describes the performance capacity of one actor relative to another, the concept of 'sustainability' has an absolute character: increasing the sustainability of one actor does not necessarily imply the reduction of the sustainability of others. It will be argued that this incompatibility leads to several problems that aggravate necessary institutional reforms in the EU.

Second, on the empirical level and from a European perspective, the paper uses data from input-output tables and indicators of economic complexity to estimate the effects of associated reforms on different Member States. The results suggest that because of the structural differences between, and the unequal distribution of environmentally harmful activities among core, periphery, and catch-up economies, countries will be affected differently by the transformations aspired by the new development model: without further institutional reforms towards more solidarity and less competition, the implementation of the model will amplify economic divergence across Member States.

Finally, taking a global perspective, the paper uses environmentally augmented input-output tables to quantify the degree to which the EU is externalizing social and ecological costs to countries in the Global South. Since this currently happens to a considerable extent, the paper discusses whether there are elements in the idea of 'competitive sustainability' that address this problem. It will be argued that, to the contrary, the focus on the relative concept of 'competition' aggravates progressive and cooperative transformations that could limit the degree of externalization.

The paper closes by discussing the potential of 'competitive sustainability' for a meaningful transformation of 'advanced' economies that enables sustained levels of well-being while respecting planetary boundaries and global solidarity. The results on the three dimensions suggest that without giving up the focus on institutions of competition, said potential is meager.

**Paper 3: Teaching Gender and Globalization at an Undergraduate-Level as a General Education Course**

Valerie Kepner, King's College-Wilkes-Barre, USA

**Abstract:** The purpose of my paper will be to share how I've incorporated discussion of the roles of both gender and globalization in my Economics-designated general education course. The course, ECON/WMST 151: Gender and Globalization, explores the definition and realities of globalization through a gendered lens; the course also introduces students to the concepts, methods, theories, and research findings associated with various fields in the social sciences. Anthropological, economic, political, psychological, and sociological perspectives on human behavior and relationships in a complex world are combined with insights from geography and women's studies to further enhance students' understanding of these realities, on a local as well as a global scale.

Some of the course goals include teaching students to understand the nature of individual and social behavior in a variety of situations and circumstances; to understand the effects of ideologies upon individual and institutional behavior; to understand how social theory and social ideologies and practices relate to moral positions; to develop a global perspective which recognizes the increasing political, economic, and cultural interdependence of all nations and peoples; and to appreciate the value of interdisciplinary knowledge and methodology as well as understand the dynamics of problems around the globe.

**Paper 4: Living in debt: Institutional inertia vs. sustainability**

Anna Kurysheva, Southern Federal University, Rostov-na-Donu, Russia
Andrei Vernikov, Institute of Economics RAS, Moscow, Russia

**Abstract:** Financialization seemingly contributes to economic growth by boosting consumption, but this effect may be unsustainable in the long run. The growing availability of credit and the acceptance of personal debt encourage people to acquire goods and services with money yet unearned. Banks enhance their power over private borrowers, who get trapped in debt and generate an outflow of financial resources to banks and associated beneficiaries. Being an integral part of the Sustainable Development agenda, financial inclusion was meant to be socially and economically benign, but instead became a manipulative narrative. It pushes credit to retail borrowers, ensuring profit to suppliers. We view empirical data on bank loans to Russian households since the early 2000s to 2021 and focus on the connection between consumerist culture and household debt. Data are collected from official statistics on consumer lending, household disposable income and expenditure, and banking statistics on revenue from retail loans. We construct several metrics to estimate the outflow of financial resources through loans from households to the banking industry. While consumer credit expansion drive banks' revenue and profit, household debt dependence deteriorates. Debt-financed spending spree paradoxically occurs even during the economic downturn of Covid-19 pandemic, with banks' profit skyrocketing.

We explain this tendency arguing that banking organizations and government deliberately support a specific set of institutions which feed the habit of living beyond one's means. At the same time, the institutions incompatible with credit-driven consumerist culture, such as traditional ethnic values of debt-free living and self-reliance, are deliberately marginalized. If we take the case of car loans, artificially constructed stereotypes are imposed on consumers to manipulate them into buying more expensive and 'prestigious' cars equipped with extra options. Socially-induced factors matter more than just technical reasons. This pattern strengthens the debt dependence and, thus, the financial fragility of households. Current institutional dynamics is difficult to change because it involves highly influential beneficiaries. We claim that a genuine sustainability agenda shall include boundaries to financialization and household debt dependence. Such an agenda requires an alternative discourse promoting financial self-reliance and prudence, which would counter-balance the suppliers' self-serving narratives of consumerism and debt.

**Paper 5: Trends in Private Equity and "The End of Normal"**

Fiona Maclachlan, Manhattan College, USA

**Abstract*:*** In his 2014 analysis of the consequences of slowing economic growth, James Galbraith (The End of Normal: The Great Crisis and the Future of Growth. Simon & Schuster) identifies a fourth stage in Minsky's

famous trifold succession from hedge to speculative to Ponzi finance. In this fourth stage, Ponzi finance gives way to fraud, as the dearth of opportunities to invest productive real capital leads to the toleration of strategies in which financiers maintain high levels of profitability through effectively looting their organizations. Galbraith shows how this fourth stage played out in real estate finance leading to the conditions that precipitated our most recent financial crisis.

In this paper, I apply Galbraith's template to recent trends in the private equity industry. First, I examine the shift from the partnership structure for private equity firms to public ownership. Just as the incentives were dramatically altered when the same trend occurred with investment banks in the 1980s and 1990s, a dynamic appears to be emerging in which short-term profits derived through financial wizardry are enriching the financiers, but with little apparent social benefit. A second, related, trend discussed in the paper is the proliferation of "leveraged loans," that is loans to firms that are already heavily indebted. I draw parallels between this trend and the better-known trends in real estate finance in the 1990s and early aughts of this century. The creation of collateralized loan obligations (CLOs) and the use of the equity tranches to offload the worst risk has an obvious parallel with the creation and sale of tranched mortgage securities. Three other parallels discussed in the paper are: the use of the proceeds of leveraged loans to pay dividends to shareholders (cf. cash-out refinancings), the dispensing of standard loan covenants with "cov-lite" leveraged loans (cf. the flouting of traditional underwriting standards in home loans), and the issuance of payment-in-kind (PIK) leveraged loans in which the interest and principal is paid with new bonds (cf. issuing second mortgages from which the borrower could make early interest and principal payments.) Finally, I draw some predictions on the likely outcome of these recent trends, both from a policy and an economic perspective.

# FRIDAY, JANUARY 6, 2023: JW Marriott New Orleans

## AFEE@ASSA Session 1: Institutional Economics: Intertwining Society, Economics and Ecology (8:00-10:00, Friday, January 6)

Session chair: John NIcholarsen, University of Denver, USA

**Paper 1: System Conflict: Polanyi's Liberal Creed vs Putin's Nationalist Populism**

Ann Davis, Marist College, USA

**Abstract:** There has been much discussion in the literature regarding Polanyi's three fictional commodities, land, labor, and money. I propose that these three commodities are linked, and the development of the appropriate institutions can be traced historically, as a condition for the "faith" in the liberal creed and the effective operation of "free" markets. These institutions can be traced across various countries, as well, as the process of neoliberal globalization has spread in the twentieth and twenty-first centuries (Slobodian; Mazower). As Polanyi predicted, however, there is resistance to the treatment of humans and the land as commodities, and various forms of "double movement" can appear. Can Putin's nationalist populism be considered one of these forms of double movement? Can the mythical unity of the nation and the defense of the territory provide a cohesive movement to resist neoliberalism? Or does Putin's populism contain its own contradictions, with little appeal to "nonaligned" nations? Can "the West" contain the backlash against neoliberalism, and accomplish genuine reform? That is, at present there may be an escalating conflict between competing systems, with much at stake for future world trajectories of political economy, and possibilities of peace, stability, and sustainability.

**Paper 2: Economists Know Best? Paternalism, Agency, and the DMDU Challenge**

George DeMartino, University of Denver, USA

**Abstract:** For well over a century the standard economic approach to policy formation has been grounded in a paternalistic ethos in the profession, in which the economist is taken to know best. Paternalism infuses

welfare economics, and is enacted through the application of Kaldor-Hicks, cost-benefit analysis, and social welfare functions in policy design and assessment. While empowering economists, the approach undermines the agency of those economists purport to serve by obstructing meaningful engagement with stakeholders who bear the effects of the world's most pressing social and ecological crises. The approach also interferes with policy innovation and discovery, learning by doing, and adaption to changing world circumstances, leaving vulnerable communities at risk of unexpected adverse events. In contrast, a new approach to professional engagement, Decision Making Under Deep Uncertainty (DMDU), displaces economic paternalism, foregrounds stakeholder values while engaging stakeholders as equals in policy discovery, and generates policy innovation and adaptation in the face of an unknowable future. In these ways DMDU provides guidance for institutionalist economists looking to confront the kinds of wicked problems that define our contemporary social, economic, and ecological worlds.

**Paper 3: Exploring the Role of Exit & Voice in Institutional Development of the Varieties of Capitalism**

Bruno Gandlgruber, Metropolitan Autonomous University, Mexico
Miguel Ángel Gómez Fonseca, Metropolitan Autonomous University, Mexico

**Abstract:** Based on their previous experience, in 2001 Hall and Soskice postulated a theory on varieties of capitalism that has generated interesting and very diverse debates. Many aspects have been questioned, but because of the scope of the discussion, we can consider that their work generated a research program that is still important. We propose that a correlate can help to deepen and clarify the discussion generated by Hall and Soskice's proposal regarding VoC. This paper proposes to confront that research program with Albert O. Hirschman's dissertation on exit or voice, in an attempt to go back to basics, but from a broader multidisciplinary institutional perspective.

As Geoff Hodgson points out, economists have considered the market as a homogeneous and undifferentiated entity, limiting the classification by the degree of prevailing competition and the number of participants. The influence of the neoclassical perspective has been decisive in the omission of the problematization of the market concept and its institutionalist analysis. In contrast, VoC's research program defines the varieties of capitalism based on the characteristics of the markets for labor, capital (financing the firm) and suppliers (various inputs) in which the firms, considered the main actors of economic life, participate.

**Paper 4: Changing Landscape of Development Finance in the Case of Climate-Vulnerable Countries like Nepal**

Kalpana Khanal, Policy Research Institute-Nepal, Nepal

**Abstract:** The latest report of the Intergovernmental Panel on Climate Change (IPCC) warns that the climate crisis is widespread, extraordinary, and intensifying.[1] This report came out at a time when the most vulnerable nations are already burdened economically and socially because of the COVID-19 pandemic. Precious financial resources these nations would otherwise have used to adapt to the climate crisis have been diverted to tackling the pandemic.

Nepal is one of the smallest contributors to greenhouse gas emissions but the Global climate risk index 2021 ranks it tenth on the list of countries most vulnerable to the effects of climate change.[2] Systemic issues such as climate change, carbon emission, biodiversity loss, etc. cannot be tackled without systemic change in how the environment and natural resources are governed (O'Brien 2012, Ely 2021 ). This paper will link the broader political and institutional economics of climate change/ climate finance and recommend how Nepal could still achieve sustainable development goals and desired economic growth by adopting environmentally sustainable practices.

**Paper 5: The Baran Ratio, Investment, and British Economic Growth and Development**

Thomas Lambert, University of Louisville, USA

**Abstract:** Investment in capital, new technology, and agricultural techniques has not been considered an endeavor worthwhile in a medieval economy because of a lack of strong property rights and no incentive on the part of lords and barons to lend money to or grant rights to peasant farmers. Therefore, the medieval economy and standards of living at that time often have been characterized as non-dynamic and static due to insufficient investment in innovative techniques and technology. Paul Baran's concept of the economic surplus is applied to investment patterns during the late medieval, mercantile, and early capitalist stages of economic growth in England and the UK. This paper uses Zhun Xu's Baran Ratio concept to try to develop general trends to demonstrate and to reinforce other historical accounts of these times that a productive and sufficient level of public and private investment out of accumulated capital income, taxation, and rents does not have a real impact on economic per capita growth until around the 1600s in Britain. This would also be about the time of capitalism's ascent as the dominant economic system in England. Even then, dramatic increases in investment and economic growth do not appear until the late 18th Century when investment more consistently becomes more than one hundred percent of the level of economic surplus and takes in government spending. The types of investment, threshold amounts of investment out of profits and rents along with government spending seem to matter when it comes to a growth path raising GDP per capita and national income per capita to higher levels. Although much of this knowledge perhaps is embodied in current historical accounts, the Baran Ratio nicely summarizes and illustrates the importance of levels of investment to economic growth.

**Paper 6: Radical Conditioning: International Monetary and Institutional Design Principles for Economic Development Trajectories, Protections and Preparations**

John Nicholarsen, University of Denver, USA

**Abstract:** Given current global economic disruptions, disarray and inequalities, propositions directed at alternative configurations for the future of international economic integration abound. Using an original institutionalist approach throughout, this paper will first briefly examine past and current proposals for global integration, focusing on the sources of instabilities, dysfunction and resulting inequalities. Predicated on the assumption that no significant fundamental reform within and of the current global institutional arrangement will be forthcoming, this work will move to offer a radical, revolutionary proposal for developing countries ("periphery") in the form of an alternative international monetary instrument to mediate, moderate, condition the current conditionalities, and rebalance international economic integration for 21st Century economic development. This work will look to foster solidarity in international development through monetary and institutional design principles for a more equitable and resilient global integration and coordination framework.

## AFEE@ASSA Session 2: Sustainability and Change: Institutionalist Insights into Habits, Culture, and Policy (10:15-12:15 PM, Friday, January 6)

Session chair: William Waller (Hobart and William Smith Colleges, USA

**Paper 1: Social Provisioning vs. Predatory Habits: An Ancient Yet Contemporary Battle**

Felipe Almeida, Federal University of Paraná, Brazil

**Abstract:** Institutional Economics has been highlighting the conflict between social provisioning and our predatory habits since its inception. Such habits lead us toward capitalism and its unbridled consumption of goods and nature, in addition to terrible income and wealth distribution. Today, we are at a crossroads. The great question is: what is the solution? Institutionalists have been pointing out reforms within the capitalist system, such as John R. Commons' reasonable capitalism and Clarence Ayres' reasonable society. The great obstacle to reasonableness lies at the basis of capitalism; our predatory habits. As predatory habits are key to what most people would understand of life in a modern society, breaking with them is not simple.

However, reasonableness demands other kinds of habits of thought that would not be connected with the rise of capitalism and understandings of modern societies. The most crucial issue lies in how to replace the predatory feature of habits to reform our society, since those features are the core of capitalism. How to find reasonableness in removing something so central to current lifestyles? Institutional Economics, strongly relying on Thorstein Veblen's and John Dewey's writings, showed us how people developed such predatory habits. Thus, this article argues that a deconstruction of predatory habits is possible using the same process through which they were built. This article enables the reconstruction of habits through the connection between Veblen's and Dewey's notion of habit and Paulo Freire's writings. Freire is known as a main contributor of a segment of the philosophy of education named critical pedagogy. According to critical pedagogy, an escape route from an oppressive system is an awakening of a critical consciousness. Through an approach from Freire's, Veblen's, and Dewey's writings, this article offers a possible understanding of how an economic system can escape oppressive predatory habits.

**Paper 2: Meaningful Climate-Change Mitigation Policy Requires Accurate Measurement: Analysis, Critique, and Recommended Changes of Equations for Reporting Greenhouse-Gas Emissions to EPA**

F. Gregory Hayden, University of Nebraska-Lincoln, USA
Tasnim Mahin, University of Nebraska-Lincoln, USA

**Abstract:** Officially, the U.S. Environmental Protection Agency (EPA) requires that institutional organizations (corporations, government entities, NGOs, universities, and so forth) report annually the amount of different greenhouse-gas (GHG) emissions generated by each institution. The institutions are to select and utilize various EPA equations for calculating various kinds of GHG emission data. That database is then available to plan for climate-change mitigation. Given the exemptions in EPA regulations, simplistic linear production functions expressed in the equations, failure to make the equations consistent with complex systems, and lack of concern for compliance and enforcement; the totals reported by EPA for carbon dioxide, methane, and the F gases are significantly understated. Although understated, that flawed database is being utilized by various levels of government in the United States for policy mitigation and utilized in negotiations with other countries. Thus, all the resulting plans to reduce GHG emissions significantly understate the amount that emissions need to be reduced in order to meet goals such as the goal of holding global warming to below 1.5 degrees Celsius compared to pre-industrial levels. Since policy requires accurate measurement, especially climate-change policy, this paper deals with three areas of concern: (a) the kind and description of the production functions contained in EPA's equations; (b) the lack of auditing and enforcement compliance; (c) the lack of complex systems methodology and methods. The lack of complex systems modeling that integrates social, economic, and ecological subsystems hampers the ability for government to conduct mitigation policy that coordinates climate-change programs across various systems and subsystems—often referred to as polycentric governance. Concepts from institutional economics can help address these problem areas.

**Paper 3: The Instrumentality of Culture**

Jacob Powell, Bucknell University, USA

**Abstract:** This article problematizes the Veblenian Dichotomy, highlighting the instrumental aspects of culture. The Veblenian Dichotomy has become a key tool of analysis among institutionalist economists, sometimes devolving to an implicit dualism between ceremony and instrumentality in analysis. This is evident in the identification of progress with increasing instrumental value, implying ceremonial institutions are antithetical to progress. This led to a debate among institutionalists, a debate which has yet to be settled. There were two sides to this debate, those identifying progress with increasing instrumental value who followed in the tradition of Clarence Ayres, specifically, John Fagg Foster, Marc Tool, and Paul Dale Bush, and those reasserting the role of culture as more than "imbecile" institutions, specifically Wendell Gordan and Anne Mayhew. These debates were never settled yet a large literature has emerged animated

by the ideas stemming from the Ayres-Foster-Tool-Bush camp, with little work expanding on the arguments stemming from the Gordon-Mayhew Camp.

This article seeks to reopen these debates, building off of Mayhew's article, "Culture: Core Concept Under Attack"; explicitly recognizing the instrumentality of culture.  To do so, this article starts by unpacking the relation between ceremonial institutions and culture, from here the instrumentality of culture will be argued by focusing on role of myth in creating ontological security necessary for action and the role of language in facilitating provisioning.  It will ultimately be argued that the instrumental-ceremonial dichotomy is and/or can lead to a false dualism, that many aspects of culture are instrumental, and that the question of progress must recognize both constraints as well as the instrumentality embedded in cultural/ceremonial institutions.

**Paper 4: Nature, Exploitation and Institutions: On the Political Ecology of Thorstein Veblen and Karl Polanyi**

Manuel Ramon Souza Luz, Federal University of ABC, Brazil
Ramon Garcia Fernandez, Federal University of ABC, Brazil

**Abstract:** Thorstein Veblen's economics is recognized for a radical understanding of contemporary industrial society. Free from neoclassical taxonomic and ceremonial tendencies, Veblen's institutionalism offers a holistic perspective founded on a historical and anthropological account of power, status, exploitation, and the role of institutions in stratified societies. Within the Veblenian framework, the vested interests of industrial society establish an ideological separation between human beings and nature. In this sense, the relationship between humans and the natural environment becomes an extension of the exploitative relations among humans in a stratified society structured on exploitative institutions that emerged in the barbaric past. Another prominent institutionalist thinker, Karl Polanyi, posits a similar perspective on the relationship between the natural environment and industrial society. According to Polanyi, in the first third of the XIXth century, the unrestrained growth of the autoregulated market was responsible for shaping all life within three fictitious commodities: labor, money and land. For Polanyi, industrial capitalism needed a new institutional framework to move forward with the machinery process, and the State provided this great transformation by force. As an exception in the history of humanity,  labor (i.e., human beings as its bearers), money, and the natural environment became commodities by the deliberate action of the State by means of its policies.  Like Veblen, Polanyi rejects neoclassical preconceptions and emphasizes that institutions mediate between humans and the natural environment. Moreover, according to Veblen and Polanyi, this mediation within a market society is destructive and tends to annihilate all livelihood.  This paper seeks to offer a comparative framework between Veblen's and Polanyi's institutionalisms regarding the exploitative relationship between capitalist institutions and the natural environment. In this sense, we emphasize that despite some differences between their approaches, Polanyi and Veblen stand as radical thinkers that seek to re-embed nature within human life.

**Paper 5: Economic Resilience: What Can We Learn from Heterodox Economists of the Past?**

Irene van Staveren, Erasmus University-Rotterdam, The Netherlands

**Abstract:** The enormous global challenges we face today cannot be addressed with mainstream economic tools – they have even contributed to the problems of inequality, instability, and global warming. We need different theories, concepts, and tools. But we do not need to reinvent the wheel: economists of the past have thought about similar problems or other serious challenges. A key concept, which is coming up in today's debates on Covid-19 and global warming, is resilience – and various heterodox economists of the past have reflected on it. They have come up with ideas on how to strengthen economic resilience: through buffers, institutional boundaries, and diversity in governance. This paper shows why these three responses to economic vulnerability are so important and it gives examples of effective policies, which could inspire policy making for new challenges.

**Paper 6: What Is Heterodox Economics? Does It Have Future? A Comment on Hodgson's Views**

Matias Vernengo, Bucknell University, USA

**Abstract:** The paper provides a discussion of Geoffrey Hodgson's views about the future of heterodox economics. It contrasts the definition Hodgson puts forward, and the criticism raised by some authors, with the view put forward in a previous paper by the author in a debate with other critics of the heterodoxy (David Colander, Rick Holt and Barkley Rosser). It suggests that Hodgson's definition is open to some of the criticisms that he raised against Tony Lawson and the late Fred Lee, and that his views on the future of heterodoxy are ultimately flawed as a result of his ill-defined notion of heterodoxy.

## AFEE@ASSA Session 3: The Reinvention of Money and Monetary Policy? Digital Currency and MMT (14:15-16:15, Friday, January 6)

Session chair: Mary Wrenn, University of the West of England, UK

**Paper 1: Can Blockchain Help the Financial Inclusion of Refugees? The Finnish Case**

Sébastien Galanti, University of Orleans, France
Cigdem Yilmaz Ozsoy, University of Istanbul, Turkey

**Abstract:** The financial inclusion of refugees can be hindered by difficulties to prove identity, or reluctance to disclose identity. Bank account and mobile money services necessitate providing identity. Financial digital services based on blockchain technology can provide anonymous authentication to refugees and be a first step to financial inclusion in the country of arrival. An example of such a program is the one put in place in Finland. We analyze this case study and provide comparisons with similar countries without such policy. We conclude in favor of an improvement of financial inclusion

**Paper 2: The Evolution of Innovation Agencies in Developing Countries: The Response to Crises in the Digital Economy**

Sira Maliphol, SUNY-Korea, Korea

**Abstract:** The digital economy is part of the response to address socioeconomic issues by enabling new modes of economic activity and innovation. Digitalization presents opportunities and challenges for innovation by addressing institutional issues. Digitalization offers the removal of barriers to economic activity that allows for numerous possible variations of delivery of goods and services even in developing country contexts. Those economies around the world rewarded boons through the digital efficiencies gained from moving more information more easily, faster, and farther than before. Yet, digitalization can also embed existing practices more resolutely into institutional practices. Recent research on innovation policy emphasizes the need for mission-oriented policy to address the grand challenges that are faced today. COVID presents the world with rare opportunity to see how public policy implementation responds to crises such as a pandemic. Existing institutions need to respond to change with agility, especially in innovation. Evolutionary economics emphasizes innovation development through a process of variation, selection and replication. The selection criteria were abruptly altered as the pandemic set in. Lastly the replication processes are likewise altered by similar forces.

This study asks how do innovation agencies promote development under evolutionary economics frameworks, especially in response to crises? The implementation of mission-oriented policies is still not well understood, especially in dramatically changing circumstances. This study will examine how innovation agencies operate in these conditions and how they respond to changes demanded. Comparative case studies will be presented from South Korea, Cambodia, the Philippines, and Vietnam. Initial results suggest that the institutional structures are crucial in resilient and agile responses. Various institutional models respond differently depending on the characteristics they embody. The implications of these results indicate different possibilities for responding to crises that should be considered when crafting mission-oriented policy.

**Paper 3: Stateless Money? Cryptocurrencies and Digital Banking in Brazil**

Nicholas Trebat, Federal University of Rio de Janeiro, Brazil

**Abstract:** This article will discuss the political economy of digital money in Brazil. Unlike cryptocurrencies, digital banking has had the active support of the Brazilian state. Digital banks play a major role in "Pix", an online payment system created by the central bank in 2020 which has largely eliminated transfer fees as well as the need for paper money. Other regulatory changes over the course of the 2010s reduced entry costs for investors wishing to form digital banks. Though not required to maintain branches or provide cash withdrawal services, the digital banks enjoy some of the key privileges bestowed upon traditional banks. Most importantly, they have been allowed to open what are essentially reserve accounts (called "liquidation accounts") at the central bank, through which they may operate on the interbank lending market, settle balances with other banks, and obtain loans from the central bank. This virtually eliminates the possibility of "runs" on the digital banks, and allows their customers to make and receive payments just as with traditional checking accounts. Brazil's digital banks, in short, have become privileged members of the country's state-led "payment community" (Georg Knapp, 1905; John Commons, 1934), and this is why electronic money, as opposed to cryptocurrency, has flourished as a means of payment in the country.

Nonetheless, evidence suggests digital money will not solve a fundamental problem facing working-class Brazilians: access to cheaper credit. The rates currently charged by digital banks on consumer loans are not lower than those set by older commercial banks. Furthermore, the central bank has imposed harsh reserve requirements on them, limiting their ability to create money. We conclude by discussing the use of cryptocurrency in Brazil, as well as the central bank's plans to create a digital version of the real.

**Paper 4: Social, Political and Economic Dimensions of the Instituted Process of Central Bank Digital Currency: The Case of the Digital Yuan**

Ricardo Siu, University of Macau, Macau

**Abstract:** As a response to the rapid expansion of private-sector digital currencies like bitcoin since the end of the 2000s, the establishment of central bank digital currency (CBDC) has been on the agenda of governments around the world. In this article, I expand on the concept of the instituted process (as per Karl Polanyi 1957, 243-270) to examine the essence of CBDC. While most recent studies discuss the possible configurations and different technologies that could be employed by CBDC (e.g., centralized versus decentralized blockchain ledgers) and the corresponding costs and benefits, I analyze the formulation of CBDC as an instituted process from the standpoints of the social and political economies. To this, I evaluate how the practices of CBDC like its dynamic role in government monetary and other macroeconomic policies and its interplay with social and economic activities may actually change unity and stability, as well as the structure and function of our economic societies.

Specifically, I analyze the case of the digital yuan which was formally introduced by the Chinese government in 2021. I portray how the instituted process of the digital yuan enhances current understanding of the social and economic changes of China in a global context. Then, I emphasize both the favorable experiences and concerns from the practices of the digital yuan thus far that offer valuable policy implications. Finally, I remark on various controversial topics like the international speculation that the expansion of the digital yuan may challenge the dominance of the US dollar in the world economy. I conclude by arguing that to ensure a better result from this ongoing irreversible process, the decision of the government to introduce CBDC must be followed by timely reviews and effective policy adjustments in congruence with feedback from its citizens.

**Paper 5: Virtual Property and Governance Structures with Blockchain**

Antoon Spithoven, Utrecht University, The Netherlands

**Abstract:** Thorstein Veblen and John R. Commons developed their institutional approach in the face of a world in turmoil and in the face of developing intangible property. Now, with going concerns in new turmoil and a rise of virtual property, institutional economists are challenged again to analyze socio-economic governance.

Virtual property is extracted, first, by automated means or automated interfaces which grab data from the public space and human activities on the Internet (of things), and, second, by miners and owners of blockchain-based discreet assets such as cryptocurrency and their outgrowth in the form of non-fungible tokens. Virtual property might be analyzed by applying Veblen's and Commons' conflicting concepts (for example, respectively predatory and reasonable behavior). Though Veblen's "diagnostic" approach and Commons' "remedial" approach do not theoretically convergence, they are both simultaneously applicable to the evolution of blockchain based assets. From a Veblenian perspective, discreet assets are discredited due to negative externalities (tax evasion, big virtual-income differentials, and predatory behavior). From the perspective of Commons, virtual property in the form of discreet assets promises new opportunities for governance structures with the emerging technology of blockchain.

In contrast to the libertarian promise of decentralized and trustless governance, the reality of governance of cryptocurrency and of cryptocurrency's outgrowth in non-fungible tokens reveal that governance of discreet assets is far from being decentralized or trustless. Deficiencies of governance protocols and opportunistic exploitation of public blockchain based assets require new regulations. A ban on trade in discreet assets might harm innovation in governance, in platform development (Web3), and in applications (for example, games). Governance in permissioned blockchains seems already to be successfully in, first, supply chain governance worldwide and, second, within corporations' supply chains. Supply chain governance with blockchain seems to facilitate efficiency and an ethical and sustainable sourcing.

**Paper 6: A New Tool for Economic Policy: Central Bank Digital Currencies**

Jacopo Temperini, University of Rome-La Sapienza, Italy
Carlo D'Ippoliti, University of Rome-La Sapienza, Italy
Lucio Gobbi, University of Trento, Italy

**Abstract:** We consider the possible advantages of a new policy tool, Central Bank Digital Currencies (CBDC). We compare the effectiveness of traditional fiscal and monetary stimuli with the introduction of a CBDC within a Stock-Flow Consistent framework.

We consider two possible targeting of the CBDC: to households (poorer or richer ones), and to firms. We show that the CBDC can have a strong and durable impact on GDP. A further advantage is the activation of a new transmission channel, which crucially depends on the sensibility of investment and of the interest rate to firms' leverage. Yet, for a CBDC targeted both to households and to firms, a possibly crucial risk is posed by reduced demand for banks' deposits and/or their loans, which could challenge financial stability.

# SATURDAY, JANUARY 7, 2023: JW Marriott New Orleans

AFEE@ASSA Session 4: Dependency and Structuralism in the Current Crisis
(8:00-10:00, Saturday, January 7)
Session chair: Cristina Reis, Federal University of ABC, Brazil

**Paper 1: Degrowth and the Global South? How Institutionalism Can Complement a Timely Discourse on Ecologically Sustainable Development in an Unequal World**

Claudius Gräber-Radkowitsch, University of Flensburg, Germany
Birte Strunk, New School for Social Research, USA

**Abstract:** An interdisciplinary discourse on ‘degrowth’ has established itself as an academic and social movement, which similarly criticizes the appropriateness of economic growth as a core policy goal. But the actual academic exchange remains scarce: both institutionalism and the degrowth movement(s) would benefit from a closer exchange, especially in the context of global inequalities and questions of socio-economic development. This paper provides the basis for this exchange by providing a systematic and comprehensive literature review of the current academic discourse on degrowth and global inequalities. It identifies certain shortcomings in this discourse and argues that institutionalism provides the theoretical and methodological concepts to address them.

A quantitative and qualitative content analysis of 217 articles shows that, inter alia, (1) contributions from relevant institutionalist outlets are not considered in the degrowth discourse, (2) the majority of the degrowth papers is theoretical and among the empirical papers there is a very strong focus on qualitative research; (3) about two third of the papers stress the commonalities and potential synergies among perspectives on degrowth from the Global South and Global North; the potential challenges, such as different socio-economic conditions or structural interdependencies at the expense of certain groups receive less attention.

This substantiates our claim that institutionalist economics has indeed much to offer for the current discourse on degrowth. Our contribution will explicate how institutionalist ideas can help addressing blank spots of the current degrowth discourse using the following concrete examples: institutionalist theories of global core-periphery structures and structural dependencies, the institutionalist view of socio-economic development, and the systemic view on the co-evolution of institutions and technologies. Finally we argue that institutionalism could benefit from a mutual exchange on such a timely and pressing issue as well.

**Paper 2: From US ‘Informal Empire’ to Great Power Rivalry?**

Carlos Aguiar de Medeiros, Federal University of Rio de Janeiro, Brazil

**Abstract:** The resurgence of nationalism in US and in UK a few years after the great Crisis of 2008-9, the rise of far-right governments and parties in several countries, the growing geopolitical affirmation of China, the expansionism of NATO, the successive ‘regime changes’ and the wars in Ukraine have strengthened several theoretical currents on geopolitics and Marxist approach of imperialism postulating the emergence of a new reality in which, to quote Christopher Hill, “The World Turned Upside Down ' In this new world not only would global neoliberalism have entered a deep structural crisis, but the US would no longer hold the dominant position nor the institutional power and ideological legitimacy that it historically had over the world order. These interpretations, however, differ not only on the extent of these changes but as well on their major determining factors. This essay argues that although the US retains high superiority in a military capacity, holds the key international currency. Still, it has a great international leadership (evident in the European reaction to the Russian invasion of Ukraine) since 2001 the US has ceased to be the 'cyclical center' of the world economy, and their ‘economic weapons’ over other states, including peripheral nations, have diminished. The world became more regionally fragmented and an important contradiction appeared between the economic interests of US large internationalized capitals and domestic capitalism. The rise of China and its huge internationalized internal market was an essential part of this political and economic conflict. Nevertheless, since 2008 and particularly after 2016, this structural conflict has changed due to the decline of economic partnerships between US corporations and the Chinese economy. The fusion of a capitalistic logic with a geopolitical logic against a rival super-power as China is in fact a novelty since the extinction of the Soviet Union.

**Paper 3: Analysis of Carbon Markets and Alternatives of Offsets in the Compliance and Voluntary Schemes**

Clara Pardo, Del Rosario University, Colombia
Alexander Cotte, University of Santo Tomas, Colombia

**Abstract:** In recent years, carbon markets in its two modalities (compliance and voluntary) have been growing and to the extent that more drastic policies are generated against emissions and the price of credits and / or offsets and this market manages to be above $ 20 It will continue to grow especially by companies and governments with growth rates between 5 and 15% depending on the type of market, the commitments of the countries and the voluntary initiatives or compliance required of companies. In addition, it is estimated that the credits that will have the greatest commercialization potential are those based on nature and that generate co-benefits, where Colombia has multiple possibilities that, connected with the commercialization of carbon, could generate a competitive advantage. The analysis by countries shows that Colombian neutral coal would have great possibilities in the regions and countries studied taking into account the objectives of the established ETS that in most cases include the electricity generating sector with a maximum of compensations which could generate a demand for this sector of Colombian neutral coal in a conservative scenario of 5 to 10% of the credits and / or required offsets and in the voluntary market the expectations are positive since many companies that use coal as an input and / or that account with emission reduction objectives they could opt for this strategy having the co-benefits that this innovative way of marketing coal would have. These elements will be fundamental in the analysis of the neutral carbon strategy in Colombia and it is important to monitor trends and policies that may affect the carbon market that allow defining changes or new strategies in the commercialization of the Colombian neutral market.

**Paper 4: Institutional Mishmash**

Huascar Pessali, Federal University of Paraná, Brazil

**Abstract:** Latin American and Caribbean countries' per capita GDP has increased by 600% since 1900. Yet nearly four out of ten people in the region went through moderate or severe food insecurity in 2020 (FAO, 2021). If institutions are the fabric of society, molding the organization of social provisioning, there must be some serious institutional derangement going on there. It is not news that countries in the region live with high levels of institutional incoherence towards development. But the coming to office of progressive governments, in a "Pink Tide," raised hopes that a new institutional arrangement was possible. Reaction to the "Tide" followed, making the levels of institutional incoherence skyrocket, resulting in an institutional mishmash that has eroded already fragile development conventions. This additional stress on formal and informal institutions in underdeveloped countries needs investigation.

*Prof. Pessali's presentation celebrates his award as AFEE's 2023 James Street Scholar.*

**Paper 5: Thirlwall’s Law: A Critique of its Use for Developing Economies**

Devin Rafferty, Saint Peter's University, USA

**Abstract:** Thirlwall’s Law encompasses an international trade equation in which the long run rate of growth with balance of payments equilibrium is equal to the growth rate of exports divided by the income elasticity of imports. It is then argued that this relationship can be of assistance for developing nations trying to alter their development trajectories. It is the contention of this paper that the application of Thirlwall’s Law to developing nations is entirely inappropriate. First, its creator admitted that the impetus for the Law was the U.K., which, structurally speaking, is completely different from a developing nation. Second, the methodology used to ‘prove’ Thirlwall’s Law argues that the validity of a concept’s theoretical propositions do not matter as long as the empirical results ‘work’--which is Milton Friedman’s positive economics. Third, its proponents consistently underappreciate and/or ignore the role of the real exchange rate throughout a development process. Fourth, and most significantly, Thirlwall’s Law is a tautology in the sense that, given all of the restrictive assumptions that undergird it, the result is simply reaching a predetermined conclusion. Indeed, in this regard, it is completely devoid of any conception of a development process and its accompanying institutional change. In turn, this implies that it lacks any unique, meaningful descriptive or prescriptive policy solutions and is instead just a correlational identity rather than a causal development proposition.

**Paper 6: Transnational Corporations and Global Value Chains in COVID-19 Times: Renewed Dependency in Center-Periphery Relations**

Christina Froes de Borja Reis, Federal University of ABC, Brazil
Ingrid Kvangraven, King's College London, UK

**Abstract:** Since the financial crisis in 2008/ 2009, new economic and political arrangements led by Transnational Corporations (TNCs) and states are reorganizing the global flows of knowledge, goods, services, and capital into global value chains (GVC). In this paper, we underline the main productive, technological, and financial transformations involved in this process, from the perspective of the South-centered epistemological frames of dependency theories. With the greater centralization of wealth and power, conservative interests were strengthened in the center and in the periphery, where the ideology of austerity particularly impacts macroeconomic management in the periphery. Sustainability is then discussed as a technological and financial constraint for states and companies, especially for smaller firms and for countries in the world periphery. We also analyze the consequences of the Covid-19 pandemic in intersectional distributive terms, pointing out some recent studies from the North and the South on the new forms of dependency. Finally, popular alternatives for inclusive and sustainable development are sought, where Covid-19 is considered a shock with the potential to spur social transformation.

## AFEE@ASSA Session 5: US Economy under the Hammer: The Revenge of Neoliberalism-Fueled Hegemony (8-10:00, Saturday, January 7)

Session chair: John Watkins, Westminster College, USA

**Paper 1: Capitalism and the Erosion of Human Health: What the Pandemic Has Laid Bare in the US**

Alexandra Bernasek, Colorado State University, USA
Teresa Perry, California State University-San Bernardino, USA

**Abstract:** In this paper we lay out the structural and institutional factors that are contributing to the erosion of human health in the US and we identify policy options for bringing human health outcomes to the fore in how we can reform US capitalism to work for rather than against the majority of people.

**Paper 2: Ceremonial Macroeconomics: Plan and Market in Public Discourse about the Economy**

Barbara Hopkins, Wright State University, USA

**Abstract:** The Federal Reserve has decided to raise interest rates because it is what we do about inflation even though they attribute rising prices to Covid-related supply disruptions and the war in Ukraine. Looked at another way, raising interest rates seems like a crazy choice. Raising interest rates to slow the economy in this sense seems counterproductive. Looking at this situation through the lens of Veblen’s notion of a modern science, the standard monetary policy protocols are asking the wrong questions. It is not the purpose of this essay to investigate the causes of price rises or determine the correct macroeconomic policy. Rather, I am interested in the ceremonial function of the federal reserve and the cultural barriers to perusing pragmatic solutions to challenges of our day. Even the somewhat more targetable option of raising taxes to reduce aggregate demand is off the table. Vested interests have called upon macroeconomic “laws” to limit progressive policy space. Such pronouncements of macroeconomic “truths” seems to have taken on the same functions of neoliberal ideology.

I argue that economic policy moving forward is going to have to reject macroeconomic cliches and neoliberal notions of a free market and embrace some form of democratic indicative planning that can set priorities to ensure that necessary goods will be available to future generations in the face of climate change and other risks, such as future pandemics, and that the pains associated with restructuring the economy are borne by those able to endure them. The vaccines against Covid have provided at least one example of the successful

involvement of government in production, although reinforcing a principle of private profits and collectivized risks. Nevertheless, before such policies are possible on a larger scale and with greater equity a fundamental shift in understanding what is feasible is necessary.

**Paper 3: Is There a Trade-Off Between Global Inflation and Great Resignation in the USA?**

Kosta Josifidis, University of Novi Sad, Serbia
Novica Supic, University of Novi Sad, Serbia

**Abstract:** The aim of this paper is to get better insight into the relationship between cost-push inflation and frictional labor reallocation in the United States. Two years after the onset of the COVID-19 pandemic, the United States economy is faced with two forces with opposite impacts on income distribution and the balance of power between labor and corporate capital. The first one is the inflationary pressure, labeled as "Global Inflation", deriving from the global supply shock due to the COVID-19 pandemic and the war in Ukraine. The second one is the historically high rate of workers who quit jobs voluntarily searching for a better position, labeled as "Great Resignation", reflecting the impact of the COVID-19 pandemic on the worker's preferences and attitudes. Based on Post Keynesian "conflict inflation" theory, we argue that global inflation and global resignation may be seen as power processes in which inflation redistributes real income from less to more powerful groups, whereas a high voluntarily quit rate suggests a strengthening of labor's bargaining power. Given the disproportionally high share of less powerful low-income earners in the vacancy to unemployment ratio and their disproportionately high exposure to negative effects of inflation, we provide arguments in favor of a possible global inflation/great resignation trade-off in the United States.

**Paper 4: The Rise of Inflation: An Illustration of Corporate Power**

John P. Watkins, Westminster College, USA
James E. Seidelman, Westminster College, USA

**Abstract:** The paper addresses the various causes of the current inflation: expansionary monetary and fiscal policies together with supply shocks created a perfect storm. Hyman Minsky had warned, as had others, that market economies were prone to either deflation or inflation. The supply factors are identified in the following equation: Price = (1 + markup)*((Nominal Wages/Average Product of labor) + Resource Cost/Quantity + interest on debt*fixed costs/Quantity). Based on this equation, we can trace the institutional basis of increase in prices. In particular, we focus on market power of corporations. The increase in money wages, supply chain issues, and resource cost offered businesses, with market power, an opportunity to increase their markups, pushing up prices. Given the weakened power of labor relative to business, however, a wage-price spiral is unlikely to emerge.

**Paper 5: A Statistical Equilibrium Analysis of Firm-Specific Markup in the US**

Jan Weber, University of Utah, USA

**Abstract:** This paper analysis the statistical distribution of the markup in publicly-listed companies in the US for the years 1962-2019 and provides theoretical explanations for its origin and change. Fitting into the ongoing discussion about statistical rather than general equilibria in economics, this paper branches the discussed concepts further into the field of industrial organization. While the work is part of a general critique of the concepts of perfect competition, my approach is agnostic regarding the best theoretical fit for the empirical distribution. Settling for a two-component mixture distribution of a Log-Normal and Exponential distribution I provide two different, however consistent, explanations and theoretical concepts for the data-generating process in a winner/loser competition and a maximum entropy model. I conclude that changes to the markup over the last 59 years indicate that the competitive system of capitalism has not changed over time, but rather the possibilities and form of interaction of rms developed. The empirical results indicate a tendency of increasing markups while the competitive process decelerated, leading to an enhanced stickiness of the markup.

**Paper 6: Social Security Privatization: Zombies Never Die**

Timothy Wunder, University of Texas-Arlington, USA

**Abstract:** Historically one of the main approaches used by institutional scholars has been to demonstrate the flaws and hidden agendas of policy proposals being discussed in political circles. The privatization of Social Security is one such proposal and, like the locusts of old, this proposal will once again come to plague our political discourse soon. In a world facing existential threats from war, climate change, pandemic, and famine it is inevitable the right wing of the US political system will once again turn to issues they really see as important: how to increase profit margins for international finance. Social Security privatization is a complex solution to a nonexistent problem. This essay will show that privatization can only lead to a few possible outcomes, none of which are desirable.

## AFEE@ASSA Session 6: The Aftermath of Crises, Controversies & COVID-19 (10:15-12:15, Saturday, January 7)

Session chair: Alexis Stenfors, University of Portsmouth, UK

**Paper 1: The Dynamics of U.S. Swap Yields: A Keynesian Perspective**

Tanweer Akram, Citibank, USA
Khawaja Mamun, Sacred Heart University, USA

**Abstract:** John Maynard Keynes (1930) claimed that the central bank sways the long-term interest rate through the effect of its policy rate on the short-term interest rate. Recent empirical research shows that Keynes's conjecture holds for government bond yields. This paper investigates whether Keynes's conjecture holds for U.S. long-term swap yields by econometrically modeling its dynamics. The econometric modeling analyzes the effects of key macroeconomic variables, such as the short-term interest rate, core inflation, industrial production growth, the equity price index, the exchange rate, and the volatility of the financial markets, on swap yields. The findings from the econometric models render a perspicacious Keynesian perspective on key policy questions and contemporary debates in macroeconomics and finance

**Paper 2: Differences of Unconventional Monetary Policy between US and Japan**

Akira Matsumoto, Ritsumeikan University, Japan

**Abstract:** The Federal Reserve Board withdrew from unconventional monetary policy and has moved to restrictive monetary policy. It has raised the interest rate at an unprecedented tempo. On the other hand, the Bank of Japan has continued to use unconventional easing policy. Why does this difference occur? I will take three ways to figure out the problem.

- What is unconventional monetary policy? I will make sure of it from endogenous monetary theory.
- What was the aim of this policy of both central banks? Why has the Bank of Japan diviated from conventional monetary policy? The reason of it should reveal chractoristics (or aim) of current policy stance of the Bank of Japan.
- What roles has the asset market played in price movements since the9 190s? This period is called "the age of Bubble-relay". We have observed repeated episodes of bubbles and their bursting. This cyclical phenomenon might connect with the stability of prices during this period; and the asset movements may have strongly affected the business cycle or trend growth behavior of the real economy. Therefore, central banks have had to pay attentions to asset market.

The current situation of the Bank of Japan will also be explored.

**Paper 3: Financial Market Manipulation: from Beauty Contests to Sabotage**

Lilian Muchimba, University of Portsmouth, UK
Alex Stenfors, University of Portsmouth, UK

**Abstract:** Until the Great Recession, the largely unregulated over-the-counter (OTC) markets had received little attention from compliance officers, regulators, and lawmakers. Perhaps more important than the lack of regulatory framework as such, the markets were widely perceived to be sufficiently large, liquid, efficient and competitive to withstand manipulative and collusive attempts by traders and banks. However, the status quo was radically altered in 2013, when it was revealed that major international banks had systematically manipulated the world's most widely used interest rate benchmark. The 'LIBOR scandal' was quickly followed by the 'Forex scandal' and discoveries of grave misconduct in a range of other OTC benchmarks and markets. More lately, regulators and law enforcement agencies have increased their attention to government bonds and derivative markets linked to these. This paper explores new and sophisticated forms of financial crime through the lenses of beauty contests (Keynes, 1936) and sabotage (Veblen, 1921). Particular emphasis is put on the unique nature of money-related markets as decentralised, opaque, complex, and bank-oriented and their inherent link to the central bank, government, and citizens. By doing so, this paper reflects upon future challenges in regulation, surveillance and law-making.

**Paper 4: The Evolution of Debt: An Institutionalist Perspective**

Steven Pressman, New School for Social Research, USA
Robert Scott, Monmouth University, USA

**Abstract:** Consumer debt has risen dramatically in the US since the early 1980s. Household debt-to-disposable income went from around 60% in 1980 to 101% in 2021. As we have shown previously, rising debt levels mean that the problem of income inequality is worse than currently thought, and living standards of Americans are lower than measured. This paper looks at how two institutionalist economists explain the evolution of consumer debt and provides some policy solutions to the problem of high levels of consumer debt. For Thorstein Veblen, conspicuous consumption allows people to communicate indirectly their standing in society. He argued that people rarely live within their financial means because they want to be associated with a higher social status, and modern financing allows them to spend beyond their current income. In The Affluent Society John Kenneth Galbraith goes further, stating that emulation and persuasion leads not only to more debt but also to an eventual crash, and thus to greater economic volatility. Finally, as our work has shown, this debt also makes it harder for people to save for retirement, emergencies, and their children's education; and it exerts a drag on consumer spending overall and economic growth since money used to repay past debt (and the interest on that debt) cannot be used to purchase new goods and services. The paper concludes with some institutionalist policy solutions to improve the issuance, repayment, and discharging of household debt in ways that will dampen the destabilization of household finances and the macroeconomy.

**Paper 5: UK Corporate Balance Sheets during Periods of Recession**

Mimoza Shabani, University of East London, UK
Ali Hassan, Independent Researcher
Alexis Stenfors, University of Portsmouth, UK
Jan Toporowski, SOAS University of London, UK

**Abstract:** This paper investigates the financial position of UK companies for two distinct periods for which the UK economy has been in recession: The Great Recession and the COVID-19 pandemic. There have been several studies examining the liquidity constraints and the subsequent impact on investment of UK companies during the period 2007-09 (e.g. Joseph et al., 2019). UK companies have also been badly affected by the COVID-19 pandemic, although the root of the crisis is fundamentally different. In this paper, we scrutinize UK firms' liquidity and debt management in light of the varying features of the twin crises. Using

the FAME database provided by Moody's, we obtain key variables from the balance sheets, cash flow statements and profit and loss accounts of nearly 7 million UK-based companies. The dataset allows us to control not only by the size of companies but also by industry and sector.

**Paper 6: Involuntary Debt in the Aftermath of COVID-19**

Jan Toporowski, SOAS University of London, UK
Ali Hassan, Independent Researcher
Mimoza Shabani, University of East London, UK
Alexis Stenfors, University of Portsmouth, UK

**Abstract:** Businesses in the UK have been severely affected by lockdown measures due to COVID-19. Firms of all sizes have had to rely on some form of borrowing to survive the crisis. A number of businesses, which have not received adequate replacement income from the government, have taken the usual route to survival through 'involuntary' debt that they need in order to get by. Because it is undertaken for the purpose of paying day-to-day expenses, involuntary debt has no counterpart asset on which to draw for its repayment. Instead, it must be paid out of future income. Preliminary results suggest that UK small and medium-sized enterprises (SMEs) appear to be most vulnerable in the near future when debt repayments are due. This paper aims to gauge the involuntary debt level of UK businesses using the total debt level drawn from official statistics. To this aim, we use data on nearly 7 million companies from the FAME database provided by Moody's in our analysis. By doing so, we attempt to understand better the impact of COVID-19 on the debt structures of UK businesses, which will be crucial to determining the pace of the economic recovery.

## AFEE@ASSA Session 7: Selected Topics in Gender, Macroeconomics, Technological Change, and Mobility (Joint session with the International Association for Feminist Economics (IAFFE)) (12:30-14:15, Saturday, January 7)

Session chair: Alexandra Bernasek, Colorado State University, USA

**Paper 1: Monetary Policy Distributional Inequality: Analysis of Income, Unemployment, and Consumption by Gender and Race**

Aina Krupinski Puig, American University, USA

**Abstract:** This paper studies the distributional effects of monetary policy shocks on U.S. demographic groups, disaggregated by gender and race. The analysis traces two channels through which contractionary shocks affect consumption patterns. One is the income composition channel, which distinguishes between household primary sources of income (labor earnings, business or financial income, or transfers). Various types of income will be affected differently by shocks, and thus the composition of sources influences total disposable income. The second channel is the earnings heterogeneity channel, which encompasses unequal unemployment rates and wage rigidities. Demographic groups with higher unemployment rates and wage rigidities keeping them at lower incomes will have very different consumption patterns than employed and richer workers. Care and unpaid work contributions are considered, especially the large burden on women of color. This analysis contributes to the existing literature by studying both the gender and racial effects of unexpected interest rate shocks and using relatively newer econometric methods. Using the latest methods will allow to test whether earlier results are consistent with newer models, as the literature using these newer methods focuses on income inequality and fails to mention gender and race. Preliminary findings suggest that contractionary monetary policy shocks have large distributional effects, with the largest negative income and unemployment impacts on Blacks and women. This paper contributes needed insight into the distribution of the transmission of monetary policy, supporting that those effects are neither gender

nor race neutral. It also provides evidence of gendered and racial consumption heterogeneity, the unequal impacts of interest rate shocks, and the disproportionate burden placed on marginalized groups.

**Paper 2: Economic Stagnation and the Infrastructure of Care**

Christina Jenq, Criterion Institute, USA

**Abstract:** This paper argues that a weakening "infrastructure of care" is an important driver of stagnation in real economies,`particularly in high-income countries. I first motivate and define an economic idea of an "infrastructure of care" in the paid and unpaid sectors that undergirds economic and societal flourishing. I then show how, through the lens of Baumol's cost theory, the past several decades of the expansion of female educational attainment and educational opportunity, quickly increasing wage returns to skill, and slow-changing gendered norms of care have led to a leftward shift in the supply of female care labor that importation of care labor and technological innovations have not been able to adequately address. I show how this weakening and undiversified "care infrastructure" in both the paid and unpaid sectors has stagnating effects on various aggregate outcomes and economic sectors. I argue that the shutdown of schools and care institutions and its knock-on effect on labor supply, particularly female labor supply, during the 2020 global pandemic supports this theory. While there are many potential theories to explain the long state of "secular stagnation" since the Great Recession, I argue that the historical excess demand for savings and zero to negative real interest rates is also heavily driven by a weakening and fragile infrastructure of care. I re-frame and re-interpret right-wing political movements and conservative institutions as a reaction to weakening care infrastructure. Lastly, I call for policy responses to this "crisis of care" that do not involve limiting opportunities and innovation for caregivers, who tend to be female. I call for systematic fiscal investment in the "infrastructure of care" and propose policy principles that seek to diversify care responsibilities, particularly those that help relax policy and social norms about who can effectively supply paid and unpaid care labor.

**Paper 3: The Intra-Household Allocation of Administrative Burdens**

Lucie Martin, University College Dublin, Ireland

**Abstract:** Administrative tasks such as choosing health insurance, applying for government benefits, or switching utility providers create costs which impact the reach and targeting of policies. These costs have been studied as administrative burdens, and as "sludge" (frictions) in behavioural economics. Yet there is little quantitative research on who in the household experiences these costs, and what these experiences look like, despite evidence that administrative tasks may be gendered, and despite the importance of experiences for policy evaluation. This study uses original survey data from 1,176 UK adults in cohabiting relationships to measure the intrahousehold allocation of administrative tasks, focusing on time-use, emotional affect, and self-reported responsibility across ten domains: tax, retirement, government benefits, bills, goods and services, savings, debt, health, childcare, and caring for adults. The results show a clear gender allocation of time-use and responsibility. Administrative tasks relating to health, goods and services, children, and to a lesser extent caring for adults and government benefits are female-typed. Retirement and savings, and to a lesser extent taxes, bills, and debt, are male-typed. Gender differences in responsibility are more pronounced, possibly because it measures tasks done during a multi-tasking "parallel shift" better than time-use. Women report lower emotional affect than men in all domains except childcare; this gap is highest for tax and retirement. Exploratory analysis suggests bargaining power does not fully explain task allocation, and gendered time pressure due to multi-tasking may help explain women's lower affect. Overall, the study shows that an often-hidden type of unpaid work, administrative tasks, is a source of intrahousehold inequality, with implications for gendered time-use and well-being. This suggests that policies that create administrative burdens are not gender-neutral. Their allocation differentially impacts experiences and potentially household decision-making. Hence policy evaluations should consider administrative experiences, and interventions addressing administrative burdens offer opportunities to reduce inequality.

**Paper 4: Moving Along: Exploring Gender Differences in Access to Spatial Mobility in Early Adulthood**

Ramya Vijaya, Stockton University, USA
Naureen Bhullar, Indian Institute of Management Bangalore, India

**Abstract:** Using an original survey data from a cohort of both urban and rural college students from the Northern Indian metropolitan district of Jalandhar, this study looks at spatial mobility and the gendered transitions in spatial access and mobility through early adulthood and inter-generationally. There is increasing recognition that mobility constraints characterizing urbanization in developing economies, with limited public transport infrastructure and high levels of class segregation within urban areas and between expanding metropolitan areas and the adjoining rural pockets, can have a crucial impact on accessing a range of economic opportunities. Ease of movement is influential influence on choices related to education, labor force participation and employment options. In this paper we extend this discussion by adding a crucial gender lens. Spatial mobility is particularly gendered in the South Asian context given norms about women's agency in accessing spaces outside the home and concerns about safety. Using this unique dataset, which includes spatial coordinates of respondents, we explore the gender differences in access and ease of mobility that emerges in early adulthood, in the transition from schooling to higher college level education. We examine the implications of this difference on choices about higher education and future careers. We further investigate the impact of caste and class positions on the gendered differences in access and mobility and crucially, the intergenerational impact of maternal agency and access with regards to mobility.

**Paper 5: Female Enrolment in Higher Education in India: Does Hostel Accommodation Play a Role?**

Satyaki Dasgupta, Colorado State University, USA
Annesha Mukherjee, Centre for Development Studies-Kerala, India

**Abstract:** The All India Survey of Higher Education (AISHE) report of 2019-20 notes that female gross enrolment ratio (GER) is 49 percent. Scholars have also noted a declining gender gap in higher education enrolment over time in India. We argue that the institutional provision of hostel accommodations has played a crucial role in encouraging female enrolment in higher education beyond school. To our knowledge, this is the first attempt to address the importance of the institution of hostels in the scholarship of higher education in India.

In a patriarchal society like India where restricting women's mobility is commonplace, hostel provision can incentivise parents to allow their daughters continue their education. Further, poverty often acts as an impediment to the continuation of female education, given resource constraints and male-biassed social norms. The lack of financial and social capital is intensified for the deprived Scheduled Castes (SCs) and minority religions, who have lesser access to such resources on average. These issues can be dealt with if educational institutions provide hostels to enrolled students. This not only relieves parents of exorbitant expenditures to be undertaken for education, but also addresses their concern for safety when female students reside elsewhere to attain higher educational qualifications.
We find that hostel provision has a positive and significant impact on female GER. Additionally, this relationship appears to be stronger when the dependent variable is GER of female SC students. Our preliminary results underscore the crucial role played by institutions through hostel provisions in encouraging the enrolment of females, especially SC females, in higher education in India.

**Paper 6: Robots and Women in Manufacturing Employment**

Izaskun Zuazu (Institute for Socio-Economics and University of Duisburg-Essen, Germany

**Abstract:** Automation transforms the combination of tasks performed by machines and humans, and reshapes existing labour markets by replacing jobs and creating new ones. These transformations are likely to differ by gender as women and men concentrate in different tasks and jobs. This paper argues that a gender-biased technological change framework will advance our understanding of the differentiated role of robots in labour market outcomes of women and men. The paper empirically analyses the impact of

industrial robots in gender segregation and employment levels of women and men using an industry-level disaggregated panel dataset of 11 industries in 14 countries during 1993-2015. Within fixed-effects and instrumental variables estimates suggest that robotization increases the share of women in manufacturing employment. However, this impact hinges upon female labour force participation. As female labour participation rate increases, robots are associated with a negative effect of robotization in women in manufacturing employment. The estimates show that robotization reduces both women and men employment, although the effect for women is larger. The results are robust to various sensitivity checks, partitions of the database, estimating techniques and alternative measures of gender segregation in manufacturing employment.

## AFEE@ASSA Session 8: Health, Human Development, and Harm: An Institutional Approach (14:30-16:30, Saturday, January 7)

Session chair: Howard Stein, University of Michigan, USA

**Paper 1: China's Economic Transition: Domestic Conflict and Currency Internationalization**

Natalia Bracarense, Sciences Po-Toulouse, France

**Abstract:** Currently, the debate around the limits of reminbi internationalization counts with two main perspectives: techno-economic and domestic-constraint theorists. While the former group of economists argues that liberalization of monetary and financial markets is a prerequisite for China's internationalization of the reminbi , the latter focuses on the feebleness of domestic institutions to explain the challenges experienced by the renminbi as an incumbent currency (Otero-Iglesias & Vermeiren 2015; Bowles & Wang 2013). While several authors have shown that currency internationalization does not depend on liberalization (Bracarense & Berthonnet 2022; Schwartz 2022; McNally 2020), the present paper focuses on domestic constraints to show that scholars have overplayed the level of hindrance that they may impose.

**Paper 2: Africa, between the Financialization Process and Its Commodities: Is There an Economic Development Path through the AFCFTA?**

Alicia Giron, National Autonomous University of Mexico, Mexico
Andrea Reyes, National Autonomous University of Mexico, Mexico

**Abstract:** The latest UNCTAD report mentions that 61% of Africa's exports are made in the region itself and only 38% of exports abroad are made up of minerals and raw materials. Therefore, if it is assumed that a large part of its commodities are quoted in the financial markets, the African region is a financialized region. Decisions are made mainly by institutional investors outside the interests of sovereign countries that bring the legacy of a colonial model in the environment of a global conjuncture of pandemic and war. Pandemics cover the soil of Africa: 1) the Covid-19 pandemic and the failure of a universal health system for the population; 2) the pandemic of unpayable public debts that, despite serious IMF adjustment programs, have failed to reduce public deficits; (3) the pandemic of hunger aggravated by food shortages; 4) the pandemic of inflation of fossil resources for the performance of its economy; 5) the pandemic of inflation that particularly affects the continuous development of economies; 6) the pandemic of lack of employment and opportunities for youth increasing sub-Saharan migration to Europe and North America; 7) the pandemic of new very large corporate investors in Africa whose profitability responds to China's axis of accumulation; 8) the pandemic of war that breaks the circuits of circulation and production at the global level. If Africa supports a colonial development model, it will be difficult to overcome new development paths through the AfCFTA. So, will the AfCFTA be able to change the colonial development model?

**Paper 3: Cuba's Establishment of a Comparative Institutional Advantage in Biotechnology and Health**

Geoffrey Schneider, Bucknell University, USA
Erdogan Bakir, Bucknell University, USA

**Abstract:** The Cuban revolution ended in 1959 with a victory by forces led by Fidel Castro. Since then, Cuba's communist economic system has been buffeted by a number of severe shocks, including the U.S. trade embargo, devastating hurricanes, the collapse of support from the U.S.S.R. in 1990, and the Covid-19 pandemic. Throughout these crises, the Cuban government has maintained its focus on achieving high human development, especially in education and health care. By developing its resources related to education and health, Cuba was able to create the institutions that were instrumental in establishing a Comparative Institutional Advantage in health care and biotechnology, with medical services, pharmaceuticals and other biotechnology products among its most valuable exports.

The paper will analyze the manner in which the Cuban focus on human development, and especially on education and health, resulted in the creation of institutions that would ultimately lead to the development of an extraordinarily effective health care system with health outcomes that rival those of developed countries, and a dynamic health care and biotechnology sector that could form the basis for future industrial development.

**Paper 4: Global Finance, Health Care and the Covid-19 Pandemic in Africa**

Howard Stein, University of Michigan, USA

**Abstract:** In May, 2022 Africa was hit by a fifth wave of Covid-19. Though vaccines have proven highly effective, most African countries have had little or no access to them. Through the second week of April, 2022, only 15.9 per cent of the population of the continent had been fully vaccinated, compared to 92% in Portugal. African deaths from Covid-19 according to the UW Institute for Health Metrics and Evaluation exceeded two million through 2021 nearly 15 times the official count. Writers have pointed to causes like vaccine Apartheid and the grabbing of health supplies by wealthy countries. Little has been written on how the historical patterns of financial flows have contributed to the conditions that exacerbate the impact of the pandemic in Africa. Crises like the current pandemic expose the gross inequities of our global economic order. African countries found themselves woefully unprepared, with a paucity of PPE, testing reagents, pharmaceutical treatments, hospital beds, ventilators and even medical oxygen. Sixty years after independence, how is it that African countries must still rely on the outside world for commodities central to their populations' health and welfare? The answer partly lies in the nature of the global financial system. The key characteristic of the global financial architecture is the hierarchy of currencies, with the United States at its top. Under this unequal global system, Africa must export goods to advanced economies or attract financial flows in order to get the hard currencies needed for crucial imports, service external liabilities and deal with the rapid capital outflows which have become more challenging in the era of capital account liberalization. The gross asymmetries embedded in the financial system have reduced policy space, constrained sovereignty and shaped the social, political and economic structures of African countries affecting their ability to deal with the pandemic.

**Paper 5: Conflict: Its Fundamental and Ignored Role in Economics and Economic Development**

Lane Vanderslice, Academy for Educational Development and World Hunger Education Service, USA

**Abstract:** Orthodox economics, as shown in its textbooks, does not understand or recognize the importance of harm /oppression and exploitation. Orthodox economics inadequately analyzes principal types of harm, and, while it has a name "productive activity" for activity that turns out something useful for others, it does not have a name or a general analysis for activity that is not productive yet obtains income or other benefits.

Conflict is an important type of harm. The paper uses a literature review of conflict in orthodox and heterodox economics and other social sciences to establish a basic overview of conflict and its importance. Topics include:

- Orthodox economics does not treat conflict as an integral part of economics. Conflict expenditures are viewed as national defense and consequently productive expenditure, and defense expenditures are discussed as examples of public goods, which, while true, sidesteps the necessary discussion of conflict.
- Conflict has a very long history. Most societies have been formed by interaction with conflict. There appear to be principal features of societies that arise from this, the main one being the establishment of stratified societies with a minority getting a large share of income, often in ways that involve harm. Also, in many countries, great power politics has had a strong and often malign influence; in many countries the military has a strong political role; and, in the United States, there is the military-industrial complex as described by Seymour Melman and others.

**Paper 6: Social Policy and Reproduction in Turkey since the 2000s**

Yavuz Yazar, University of Denver, USA

**Abstract:** Social, political, and economic lives have been transformed in line with neoliberalism and Islamic conservatism in Turkey under the ruling of Justice and Development Party's (JDP) since 2003. As a result, the parameters and structure of the social reproduction - both the "social" (or reproduction of labor power) and the "economic" (or production of commodities) levels- has changed. The goal of the current study is to explain the changes in social reproduction at the intersection of the social, economic, and political changes in Turkey since the 2000s. To do this, we will focus on the following three changes. First, we trace the trajectory of social policy practices by analyzing transfers to the individuals and households to understand social reproduction at the household level. Second, we will examine the economic policies and practices in the same period by identifying structural changes and shifts in economic reproduction. Third, we will examine the changes in the structure and functions of the state in the social and economic reproduction.

# SUNDAY, JANUARY 8, 2023: JW Marriott New Orleans

## AFEE@ASSA Session 9: Institutional Answers to the Uncertainties of Societal Transition (8:00-10:00 Sunday, January 8)

Session chair: Faruk Ulgen, University of Grenoble Alpes-France, France

**Paper 1: Labor Relations in a Post-COVID Economy: The Great Resignation through the Lens of Institutional Adjustment**

Avraham Baranes, Elmhurst University, USA
Lawrence Brown, Elmhurst University, USA

**Abstract:** Using Foster's theory of institutional adjustment (1981), this paper examines how labor relations have changed during the COVID-19 pandemic. As institutional economists generally argue, social conflict is the result of a misalignment between what is instrumentally possible, given existing levels of technology and knowledge, and what is institutionally permissible (Foster 1981; Bush 1983; Bush 1987; Tool 1993; Baranes 2020). Progressive institutional adjustment, then, occurs when instrumental methods of problem solving replace ceremonial ones. In this paper, we argue that remote work technologies have generated new, instrumental methods of problem solving that were forced to become part of the institutional fabric during COVID-19. In doing so, the relationship between labor and capital has fundamentally changed, with workers gaining more control over the labor process in jobs that could be done remotely. As society has "emerged" from the COVID pandemic, we argue that much of the conflict regarding labor relations can be understood as a desire to return to the pre-COVID labor relations – a desire by upper management and capital to resist this institutional change. As such, conflicts surrounding the "Great Resignation", the push from upper

management for workers to return to office, and the increased trend towards unionization at companies like Amazon and Starbucks are best understood as part of this process of institutional adjustment, whereby the new methods of problem solving that give more control over the labor process to workers are becoming part of the institutional structure governing labor relations. Our paper, then, makes two important contributions to institutionalist literature: first, by placing this ongoing conflict into the institutional adjustment framework, we provide an important framework that allows us to understand how we might expect the conflict to be resolved; and second, we provide a set of proposals for decision makers promoting this resolution.

**Paper 2: Rethinking Development Financing: A Framework for Alternative IFIs**

Gaëlle Despierre Corporon, University of Grenoble Alpes-France, France

**Abstract:** The recurrence of financial and global crises (Asian crisis, Latin American crisis, Global Financial crisis, covid crisis, etc.) shows the instability of our capitalist system. These crises created space for institutional innovations. This article argues that the construction of a global development finance institution such as a "Global development bank" is needed for developing economies to adopt long-term development financing strategies. This would be facilitated through this dynamic institution with a symmetrical system among members and where each country has one vote. It also creates a new "platform" that advocates and carries the voice of developing economies (Griffith-Jones, 2012; Gosovic, 2016). This institution would act as the guarantor of transformative development finance and is seen as an opportunity for Southern countries to reduce their dependence on traditional development finance and, if needed, increase their resilience to pro-cyclical financial flows from the North.

**Paper 3: Climate Action, Institutional Investors and Just Transition**

Alicia Girón, Economic Research Institute and Autonomous Technological Institute of Mexico
Antonina Ivanova, Autonomous University of Baja California Sur, Mexico

**Abstract:** Can there be real climate action after the Glasgow COP 26 and last Davos Meeting, assisted by institutional investors, to permit a successful and just transition to net zero and a resilient global economy? Since 1930, when John Maynard Keynes wrote, "The World has been slow to realize that we are living this year in the shadow of one of the greatest economic catastrophes of modern history" (Galbraith, 2014:1), the world endured the Great Financial Crisis 2007-2009, and Covid-19. New challenges arise in the face of Russia-Ukraine war.

The Just Transition discussion gained importance since the Paris Agreement and is almost mainstreamed. Originating from civil society discourse and activism around issues of environmental and human rights, it is now increasingly, linked to climate finance and investment. Their funds are crucial for the green and bio-circular economy solutions.

This paper explores the new developments in climate action financing by institutional investors within the framework of Just Transition. This discourse is linked to the post COVID-19 recovery and the sustainable finance agenda. The study is done through extensive literature review, combining PRISMA guidelines and the Recursive Content Abstraction (RCA) analytical approach. After presenting the Just Transition framework, we analyze the provisions on financing of the Paris Agreement. Next, the financing gaps are identified with the COVID -19 impact. We pay a special attention on the institutional investment, exploring some examples of collaboration fora on climate action for investors, such as the Institutional Investors Group on Climate Change (IIGCC), the Sub-national Climate Fund Global (SnCF Global) designed to attract primarily private institutional investment. and Willis Towers Watson (WTW). Based on the topics discussed, at the end the paper presents some final remarks.

**Paper 4: Greening Monetary Policy: CBDCs to the Rescue?**

Susan Schroeder, University of Sydney, Australia, and University of Cambridge, UK

**Abstract:** In the face of an ecological transition, central banks are finding their conventional tools to manage economic conditions are no longer adequate. Central banks' tools are intended to manage short-term changes in demand. Climate change is a long-term phenomenon which will impact supply conditions. The supply chain disruptions associated with the Covid-19 pandemic revealed the limitations of central banks' ability to manage economic strength, providing a taste of what to expect with climate change. This paper discusses the possibility that central banks could provide liquidity to firms within industries deemed critical for social provisioning as an ecological transition evolves. Central banks have provided credit for development in the past, such as agricultural and housing. A potential new tool for this task is central bank digital currencies (CBDCs), where CBDCs could tailor interest rates to suit the circumstances of borrowers and projects. The paper evaluates the logistics and limitations of this possibility, including the changing role of central banks and market for sovereign debt.

**Paper 5: An Institutional Framework for a Sustainable Economic Transition**

Faruk Ulgen, University of Grenoble Alpes-France, France
Lyubov Klapkiv, Maria Curie-Skodowska University, Poland

**Abstract:** Huge world-wide shifts have called into question the ability of our societies to ensure the viability of the “mode of reproduction”. General ecologic/environmental concerns (climate change, energy transition, pollution, global warming, natural disasters etc.), persistent social issues (inequalities, poverty increasing, worsened living conditions in the face of pandemics, wars), and recurrent economic/financial crises have shaped the horizon of collective action as well as the frontiers of markets' strategies. The evolutionary dynamics of societies are now more uncertain and require radical changes both at the ecologic and economic levels. So as the institutional framework of society is the overarching organizational structure that should provide societal dynamics with a global coherence for the viability of the mode of reproduction over a given period, such radical changes must be embedded into a process of institutional evolution. So any transition process of a given economic and ecologic environment is above all a process of institutional evolution. This paper focuses on the core role of institutions in the evolution of the social fabric and seeks to put forward the critical force of transformation of institutions in the sustainable financing alternatives of the transition process. A specific emphasis is then placed on the appropriateness of institutions with regard to the financing process of an economic transition to an alternative society in a sustainable way. The different ways/mechanisms of financing/funding and their regulation in a relevant way are considered as a specific domain of analysis. The ultimate objective of this research This paper evaluates alternative possibilities for financing the transition to sustainable development within an institutional framework that would ensure the continuity of a long and sustainable societal transformation process, respecting environmental, economic, social sustainability constraints.

**Paper 6: Minsky Meets Kapp: A Post-Keynesian Institutionalist Approach to Addressing Climate Change**

Charles Whalen, University at Buffalo, USA

**Abstract:** This paper outlines a post-Keynesian institutionalist (PKI) approach to addressing climate change. That approach builds on Hyman Minsky's notion of the need for institutions and public policies to contain economic instability, integrating it with keen insight from K. William Kapp on social costs and environmental disruption as well as more recent PKI research on what Minsky called money manager capitalism.

The paper demonstrates that the same logic used by Minsky to argue for containing mechanisms to prevent macroeconomic crises can also be applied to demonstrate the vital role of similar mechanisms aimed at preventing further global warming. Moreover, whereas Minsky's research points to the endogenous forces of capitalism as an essential source of macroeconomic instability, Kapp's institutionalism demonstrates that market economies have a similar endogenously generated tendency toward environmental damage and

planetary conditions that threaten ecological sustainability. The situation is particularly severe today because the endogenous forces propelling us toward a climate crisis are especially intense in the money manager era. For example, money manager capitalism pits nations against each other in a race to the bottom on environmental regulation (or at least resistance to the elevation of national and international standards); it stands as an obstacle to the development and use of environmentally friendly energy innovations and clean technologies; it demands low taxes that make governments reluctant to undertake necessary public investments; and it generates economic inequality and insecurity that draws public attention away from the mounting environmental threat. Indeed, money manager capitalism's single-minded and short-term focus on shareholder value is perhaps the greatest challenge to achieving ecological sustainability.

The paper then applies its PKI approach to identify several near-term and longer-term public-policy strategies and institutional changes that could constructively address climate change, minimize further ecological damage, help restore the environment, and improve human well-being.

## AFEE@ASSA Session 10: Institutionalist Ideas for a Climate Policy Breakthrough (10:15-12:15, Sunday, January 8)

Session chair: Lynne Chester, University of Sydney, Australia

**Paper 1: North American Hydrogen Economy and Auto Industry**

Tuna Baskoy, Politics and Public Administration, Toronto Metropolitan University (formerly Ryerson University), Canada

**Abstract:** Like other industrialized countries, both Canada and the United States adopted a hydrogen strategy recently. Yet, North American automakers are skeptical about hydrogen-ran passenger cars, unlike their Japanese and South Korean counterparts' strong support. This article examines this puzzle from a Post Keynesian economics perspective by focusing on the nature of the relationship between technology and institutions. While the first section introduces the topic and offers a brief literature review, the second section outlines the theoretical perspective, followed by the hydrogen strategies of Canada and the U.S in the third section. The fourth section investigates the business strategies of North American carmakers' hydrogen fuel-cell car strategies. The fifth and last section summarizes the findings as a way of conclusion.

**Paper 2: Methane Reduction in the Oil and Gas Industry: The Effects of Quad-O on Shareholder Wealth**

Scott Carson, University of Texas, Permian Basin, USA

**Abstract:** Global warming and the greenhouse effect occur when the atmosphere traps surface radiation—albedo—or the incoming light that is otherwise reflected into space. Elevated greenhouse gases are water vapor, carbon dioxide, ozone, nitrous oxide, chlorofluorocarbons, and methane. Two important legislations and regulations associated with the oil and gas industry are the 1970 and 1990 American Clean Air Act, and Quad O is the EPA's regulation to reduce methane emission. Methane is the main constituent of natural gas and is released into the atmosphere during crude-oil drilling, and achieving significant methane reduction is an objective in reducing greenhouse gases. If Quad-O adversely affects firm values, equity returns will be lower after Quad-O implementation. Alternatively, if Quad O has no effect on firm value, Quad O improves the environment and health without affecting oil company's owner wealth. Results are mixed, and the August 23, 2011 Quad O implementation did not systematically reduce firm ownership, indicating that Quad O reduced methane while not reducing firm's rates of returns.

**Paper 3: Energy (In)Justice: How Can It Be Addressed?**

Lynne Chester, University of Sydney, Australia

**Abstract:** The energy inequities of contemporary energy systems have stimulated a rapidly burgeoning, rich anthropocentric discourse, across the social sciences, that is generally termed 'energy justice'. In many respects, this discourse reflects a grafting of Western philosophical concepts of justice and ethics onto a conceptualisation of energy, mirroring the concept of environmental justice that emerged in the 1970s.

Solutions proposed to overcome energy injustices—of both conventional and new low carbon energy systems—have been in quite concrete policy terms and presuppose causality; that a 'problem' will be addressed by a specific policy action(s) notwithstanding other concurrent policies which may be conflictual or supportive. Yet contemporary energy systems are a complex conjunction and interaction of institutions, actors, politics, and policies. Further, the social justice implications of energy production-supply-regulation-consumption are compounded by the links to vulnerability along the energy continuum.

This paper discusses several propositions discerned from the energy justice discourse, and the parallels with the energy democracy discourse and proposes a re-conceptualization of the twin terms of energy injustice and energy justice. This re-conceptualization, and the instrumentality of energy, leads to discussion of new measures and institutionalist pathways—that go beyond public policy processes—to address the social justice implications of different forms of energy injustice. This discussion is informed by Nancy Fraser's (2014) conception of capitalism as an institutionalized social order with non-economic background conditions that enable the economic system to exist, and her three-dimensional conception of social justice.

**Paper 4: Circular Business Models and Institutions**

Brian (Chi-ang) Lin, National Chengchi University, Taiwan

**Abstract:** This article presents an institutional analysis of circular business models and analyzes the basic structure and characteristics of circular business models compatible with the sustainability principles outlined by the United Nations and the European Union. The significance of circular economy business models has been increasingly recognized in promoting sustainability. Compared to traditional business models, circular business models are regarded as crucial for warranting sustainable business and generating sustainable revenue. That is, it is necessary to emphasize that circular business models are not conventional profit-oriented economic models for maximizing a company's revenue. In essence, circular business models are value-driven models and characterized by a set of institutional principles for sustainability. In this regard, circular business models can be best developed and fully analyzed only from an institutional perspective. If circular business models can truly help enterprises achieve the goal of sustainable business, it is because circular business models have the capacity to explain institutional change. As institutional change takes the form of a change in the value structure of the underlying institution, circular business models clearly reflect the ability of the business community to appreciate and adapt to a progressive change towards a circular economy that is both overdue and necessary. A circular business model is not only a sensible framework designed to implement the circular economy, but is also a feasible guideline to help the business community achieve the goal of sustainability. A critical factor in promoting circular business models is a growing sense of awareness within the business community that there is an urgent need to modify the patterns of "business as usual" in order to achieve the higher goal of sustainability.

**Paper 5: Prolegomena to an Evolutionary Theory of Development Banking for a Sustainable Future**

Konstantinos Loizos, Centre of Planning and Economic Research, Greece

**Abstract:** The global financial crisis and the effects of the Covid-19 pandemic have renewed academic and policy interest in development banking, since public development banks acted countercyclically to support crisis-hit economies. Nonetheless, mainstream economics blame public development banks for inefficient allocation of resources and poor financial performance, while heterodox economists recognize a crucial role

for development banks in the presence of economic and institutional underdevelopment. In this debate, development banks are treated either as remnants of financial repression regimes or as cheap lending mechanisms with little emphasis on the institutional consequences of these organizations. This paper attempts a preliminary outline of an evolutionary theory of development banking focusing on their double role as providers of long-term financing for economic recovery and sustainable development and as vehicles of institutional change. Given that development banks act as capital market substitutes for long-term financing of key sectors of an economy, it is argued that Commons' "reasonable value" theory provides a comprehensive approach to the lender-borrower relationship which takes into account public purpose as an alternative to the mainstream view. Furthermore, the above is better understood in the context of Commons' view of reform in the presence of limiting factors wherein the institutional connotation of development banks' lending becomes more explicit. Besides, Veblen's theory of institutional change in the interaction between technological change, institutions, and habits of thought sheds light on the role of public development banks in institutional development and change as possible promoters of new methods of management, new financial products, new business ethics that take into account social and ecological concerns. The paper concludes that an evolutionary theory of development banking might both refute mainstream allegations of inefficiency and equip heterodox economics with a dynamic theory of development banking that integrates economic development with issues of social and ecological sustainability.

## AFEE@ASSA Session 11: Strident Nationalism, Democratic Decline, War: Quo Vadis, Global Geo-Political Economy? (13:00-15:00, Sunday, January 8)

Session chair: Gary Arthur Dymski, University of Leeds, UK

**Paper 1: The Real Causes of Russian Aggression against Ukraine**

Olena Baklanova, Interregional Academy of Personnel Management and Odessa Institute, Ukraine

**Abstract:** The large-scale military aggression against Ukraine not only destroyed the relations between the two countries, but also the world system of international security. Attempts to understand the origins of this war have prompted many experts to seek answers exclusively in the political sphere. For example, left-wing proponents accuse NATO of seeking eastward expansion that threatens Russia and forces it to defend itself. The mistake of such reasoning is that the West doesn't understand the true motives of Russian aggression, which come down to three components: political and economic, geopolitical, cultural.

Firstly, there is a fundamental difference between the Ukrainian and Russian models of relations between government and business, which were built in the countries after the collapse of the USSR. The Russian "vertical of power" contrasts with the "horizontal of power" in Ukraine's imperfect democracy. The example of Ukraine, which shows Russian society an alternative path of development, poses a direct threat to the Putin regime.

Second, the geopolitical basis of Russian aggression is the desire to expand its borders and strengthen its influence in the international arena. The third reason for encroaching on Ukraine's independence is a common history, Kievan Rus. This is a sacred place, the mother of Russian lands, and therefore it has become a cherished dream of "collector of Russian lands". Related to this are fictional conjectures about artificially created Ukraine, about the lack of ethnic exclusivity and culture. Russia does not give Ukraine the right to own history, giving it the status of its patrimony. The furious destruction of Ukrainian symbols and cultural heritage is a desire to dissolve the Ukrainian nation in the "Russian world".

**Paper 2: Gunnar Myrdal and Thomas Piketty on Inequality**

John Battaile Hall, Portland State University, USA

**Abstract:** Over a span stretching decades, Swedish economist Gunnar Myrdal registered as perhaps the most prominent social scientist focused upon advancing insightful approaches for considering income inequality. Starting with research for his doctoral dissertation in the early 1940s, Myrdal considered persistent income inequality as it became fused with racism in American life; described in his book American Dilemma (1944). Building upon these findings, Myrdal introduced a methodological approach in Rich Lands and Poor (1957) based upon a non-equilibrium understanding of circular and cumulative causation, as he expanded his geographical scope to consider inequality across regions and nations. Moving to a grander, intercontinental scale and context, in Asian Drama(1968) Myrdal considered persistent inequality affecting populations across Asia.

Myrdal's approach contrasts with Thomas Piketty's that can be found in his Capital in the 21stCentury (2013, 2014). In this book Piketty advances his understanding that income inequality could be reduced and related to capital exhibiting a rate of return "r" that outstrips a rate of economic growth "g" over time. Adding to his perspective, in Capital and Ideology (2019, 2020), Piketty considers different economic systems in distinct and contrasting historical settings. He considers that inequality can be related to the selection of one path over another, suggesting the importance of human agency in deciding and helping to define the character of differing historical epochs plagued by inequality.

Myrdal's interest in and approaches to persistent inequality appears congruent with advances in Institutionalist Thought. Could we identify places in Piketty's writings at which an Institutionalist approach might add to his efforts to explain inequality over the course of history? Could we take Piketty's contributions that consider inequality and suggest how an evolutionary-institutional approach might enrich his perspective?

**Paper 3: Globalisation and Sovereignty in the 2020s: The Peak of Contradictions?**

Svetlana Kirdina-Chandler, Russian Academy of Sciences, Russia

**Abstract:** The paper considers one of the aspects of the complex and, according to some, the catastrophic modern world: the contradiction of globalisation and sovereignty, which reached a peak in the 2020s. Globalisation consists of a process of universalisation of economic, political and ideological institutions, which has a supranational character; it is distinct from internationalisation, which accompanies the development of humankind and means a natural process of growing inter-ethnic ties strengthening the interdependence of changes in different countries. Sovereignty means that an individual state has "the right and power of self-determination, that is, a right and power to determine for and by oneself. The process of globalisation is more successful when it is directed by a world hegemon. With a hegemony crisis, the risks of "global systemic chaos" rise and the trend to sovereignty increases, since a weakening hegemon can exert external influence on other states to a lesser extent. We can see it now, strengthened by the upward phase of the sixth wave of the Kondratiev cycle (as of the 2020s), by a change in the leading techno-economic paradigm, and by a change in the cycles of capital accumulation - the American secular cycle is replaced by the Asian one. Such a complex set of factors provokes increasingly harsh forms of contradictions, up to large-scale military conflicts. The prevention the harmful consequences of the growing contradiction may be achieved by creating coalitions. The explicit formation of such coalitions, one hopes, can make it possible to overcome the contradictions of globalisation and sovereignty and save the world from catastrophe.

**Paper 4: Choosing between Neoliberalism's Surface Diversity and a Socially Just Progressive Economy: The Case of State Capitalism in Post-socialist Transition**

Anna Klimina, University of Saskatchewan, Canada

**Abstract:** In economic literature the recent rise of state capitalism is linked to a government's intention to restrain Western-led globalization in order to control capital accumulation, increase the state's power over national resources, and protect domestic markets. This is the economic order now seen in China and Russia, the only post-socialist economies that are characterized as state-capitalist. Political technologists of both countries interpret the increasing strength of Russia's and China's authoritarian regimes as a meaningful alternative to the supremacy of global neoliberalism and as a welcome manifestation of cultural multiplicity, or particularism.

This paper considers such views problematic. It argues that the nature of state capitalism in transition, despite its state-capitalist façade, is still neoliberal, and demonstrates that in its present form state capitalism does not challenge the logic of capital accumulation nor adequately address issues of steadily high income inequality, increasing militarization of national economy, and aggressive anti-unionism. The paper also asserts that Russia's and China's advocacy for cultural plurality is in fact a manipulative tool for positioning their authoritarian polities, with control over main civil liberties, as a "meaningful" alternative to the Western system of universal democracy, primacy of human rights, individual freedom, and the rule of law. It thoroughly discusses the risks inherent in too great an emphasis on particularism and unwillingness to recognize the significance of what is not specific but general—above all, the universal humanistic values and principles inherent in democratic institutions. Current Russia's war against Ukraine is discussed as a case in point that illustrates the harmful consequences of President Putin's policies based on particularistic vision of Russia's distinct path of development, its ostensibly "special authoritarian path".

The paper then argues that the regime of state capitalism can be re-imagined, through the lens of institutional economics, to acknowledge its inherent democratic promise.

**Paper 5: World at Democratic Crossroads: Seeking Institutionalist Insights**

Paolo Ramazzoti, University of Macerata, Italy

**Abstract:** A great deal of economic thought takes the notion of democracy for granted. The intuition is that voters choose policy-makers who will act according to economic expertise and some welfare function: the opposition must convince voters otherwise. This argument assumes that, once a welfare function is known, policy can be deduced from theory. It clashes with a view of the economy articulated by Adolph Lowe, wherein complex interactions and an uncertain future preclude economic actors – including policy-makers – from foreseeing the outcome of their strategies.

As Lowe would have foreseen, neoliberal policies have not only structured economies in a "pro-market" fashion but also convinced people that "there is no alternative". This suggests that democracy may fail because policy often makes people internalize the rules of the world they live in.
However, modern economies include a variety of collective agents such as unions, NGOs, minority organizations, and business associations, that try to direct the economy according to their goals. They interact with and constrain government policy-makers – thus, to some extent, defending democracy. This was termed 'countervailing power' by Galbraith.

This raises two issues. At a historical level, why did countervailing power fail? At a more theoretical level, why did economists who opposed neoliberalism fail to provide a successful alternative? The paper's tentative answer draws on the institutionalist insights outlined above. It suggest that policy cannot just apply "correct" theories. It must defend democracy by creating the economic and social conditions – e.g. distributive and welfare policies – that allow people to assess policies consciously. In order to do so it has to provide people with the knowledge not only of its ends in view but also, despite uncertainty, of its ultimate ends. This type of action conceives of economic theories as nothing but tools in the policy-maker's toolbox.

**Paper 6: Polanyi in Sri Lanka: Corrupted Capitalism, Dis-Embeddness and Public Protests**

Kanchana Ruwanpura, University of Gothenburg, Sweden

**Abstract:** Sri Lanka, a small island nation on the tip of the Indian ocean, is witnessing two unprecedented moments in its contemporary history. On the one hand for the first time in its post-independence history of 74 years, it has defaulted; unable to withstand an unsustainable debt burden. On the other hand, it is witnessing an exceptional mass mobilization – in almost every part of Sri Lanka; 50 days and running. The free and open market economy introduced in 1977 instead of creating vibrant competition has, over the decades, generated a class of politicians, crony capitalists and bureaucrats that have brought the country to the precipice. The intense insecurities, inequalities and austerity is connected to both economic mismanagement and a global economy in meltdown. These conditions have resulted in a reclaiming of citizen's democratic deficit and calls for basic socio-economic security and political rights for all. However, what was a peaceful public protest movement until May 9th 2022 still risks becoming ugly. From a Polanyian perspective (infused by feminist thought), I will explore what dis-embedding capitalist economy from society and polity entails in a 21st century global South context.

*Prof. Ruwanpura's presentation celebrates her award as AFEE's 2023 Clarence E. Ayres Scholar.*