


Arturo Hermann

ESSAYS IN INSTITUTIONAL ECONOMICS AND
POLITICAL ECONOMY:
AN INTERDISCIPLINARY PERSPECTIVE

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*a Gabriella, i miei Genitori, Palma,
Giovanni, Giuliana, Maria Rosaria*

CONTENTS

Introduction	9
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PART I

POLICIES AND MARKETS AS INSTITUTIONAL PHENOMENA

Chapter 1	
The Role of Policy Co-ordination in Public Utilities Regulation and in other Structural Problems	13
Chapter 2	
The Institutional Foundation of the Market	35
Chapter 3	
Implications for Structural Issues	52

PART II:

A PLURALISTIC PERSPECTIVE IN ECONOMICS

Chapter 4	
John Dewey's Theory of Social Action and its Links with the Heterodox Approach to Economics	69
Chapter 5	
Institutional Economics and the Interdisciplinary Approach	82

PART III:

THE SOCIAL AND CULTURAL DIMENSIONS OF ECONOMIC DEVELOPMENT

Introduction	95
Chapter 6	
Some Strategic Factors of Economic Development	96

Chapter 7	
Human Development and Social Capital in an Interdisciplinary Perspective	101
Chapter 8	
Implications for Economic and Social Development: Some Remarks on Italian Dualism	111
Chapter 9	
Concluding Chapter: The Policies for Economic and Social Development	121
References	131

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INTRODUCTION

These essays spring from our long-standing interest¹ in the issue of an alternative approach to economic analysis. They focus on the main characteristics of the heterodox approach to economics and how this approach can be applied to a number of structural policies: for instance, economic and social development, sustainable development, participation, and fair distribution of economic and social opportunities. Most chapters (1-6) extend previous works, while the other chapters are entirely new. For this reason, the treatment is not fully “linear” as partly reflects the various steps through which the issues have been elaborated. As a consequence, some themes are treated in different chapters and, in this regard, we have made our best to avoid repetitions.

In dealing with these aspects, we have organized the work as follows: in the first part, we have devised a conceptual framework in order to better analyse the many interrelations intervening between different policies. And, in the following chapters, we have investigated the paramount role of policies and institutions (i) in creating and maintaining the market and other institutions of capitalism, and (ii) in providing, through the policies of public spending and credit creation, the aggregate profit of the private sector.

Building on these insights, in the second part we address in more detail the conceptual framework of a pluralistic perspective in economics: within this ambit, we focus attention on significant contributions of institutional economics (especially in the “old” tradition), and of philosophy of Pragmatism.

These contributions point up that economic action should be appraised not as an isolated phenomenon but as an aspect of a broader social and cultural framework. Hence, the reasons underlying economic action cannot be reduced to an abstract principle of rationality pre-existing the social context but should be

¹ I wish to thank Miriam Kennet, Jack Reardon, Gustavo Vargas and Sheryl Brandalik for their useful comments on various parts of this work. The usual disclaimer applies.

located in the very characteristics of the system. In particular, in the multiplicity of interrelations between economic, social and cultural spheres at all levels of individual and collective action.

In highlighting the complexity of economic action and its “embeddedness” in the social domain, this perspective “naturally” calls for an interdisciplinary approach.

In this light, in the third part we examine the relevance of the social and cultural dimensions of economic development. Within this ambit, we consider how a number of important factors and concepts of economic and social advancement - in particular, human development, social capital, scientific and technological progress - can receive new insights from our heterodox perspective. On that basis, we then address some of the complex historical, cultural and psychological reasons underlying the problem of Italian dualism.