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Seminar:

Institutional and Evolutionary
Economics
(Evolutionary-Institutional Economics)

Seminar: Evolutionary-Institutional Economics

Paper Assignments:

- **Peter S. Albin, Barriers and Bounds to Rationality: Essays on Economic Complexity and Dynamics in Interactive Systems, ed. with an Introduction by Duncan K. Foley, Chpt. 1, Introduction, pp. 3-72.**
- **Susan Himmelweit et al., Microeconomics. Neoclassical and Institutional Perspectives on Economic Behaviour, London: Thomson Learning, 2001, Chpt. 16.**
- **Richard R. Nelson, Sidney G. Winter, An Evolutionary Theory of Economic Change, Cambridge, MA, USA, London: The Belknap Pr. of Harvard Univ. Pr., 1982, Chpt. 9.**

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- **Elonor Ostrom, J. Walker, R. Gardner, „Covenants With and Without a Sword: Self-Governance is Possible”, American Political Science Review, 86.2 (1992), 404-17.**
- **Paul D. Bush, “The Theory of Institutional Change”, Journal of Economic Issues, XXI.3 (1987), 1075-116.**
- **Duncan J. Watts, Small Worlds. The Dynamics of Networks between Order and Randomness, Princeton and Oxford: Princeton Univ. Pr., 1999, 8th pr. 2004, Chpt. 8, 199-222.**
- **W. Brian Arthur, “Competing Technologies, Increasing Returns, and Lock-In by Historical Events”, The Economic Journal, 99 (1989), 116-31.**

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- **Thomas C. Schelling, Micromotives and Macrobehavior, New York, London: W.W. Norton, 1978, pp. 147-66 (“A Self-Forming Neighborhood Model”).**

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Part I: “(Economic) Evolution”

Core Conceptions I: Econ. Evolution

1) A Non-Metaphorical, Non-Ontological Approach

- „Evolution“ – a metaphor, an ontology, or a „direct integration“ of bio-physical knowledge?
- (1) *Man* and man-man relations as a part of the *natural/biological evolution*: genes, “instincts”, habits ... natural dispositions
- but also: man and man-man relations as *cultural evolution*
- “*principle of continuity*” (U. Witt, 2003)
- *bridging* natural and cultural evolution: *K.W. Kapp’s “bio-cultural” conception of man*→“*direct integration*” of natural-science knowledge into economics: premature birth, extreme dependence, high degree of plasticity, long maturation period, through enculturation and interpersonal relations→ shapes the “instincts” and needs and habits of a “homo culturalis” (not an ontology, nor an analogy or metaphor)

1) A Non-Metaphorical, Non-Ontological Approach, Cont'd.

- also: “direct integration” of physical and biological knowledge in to economics through the *open systems approach*
- referring to L. v. Bertalanffy (1950) and I. Prigogine: *man as an open system*, building up *complexity* through taking in low-entropy matter, exporting high-entropy matter, thus *escaping entropy* (the 2nd law of thermodynamics).
- (2) Kapp (1961), N. Georgescu-Roegen (1966), K. Boulding (1981): the *economy as an open (sub-)system*, building complexity, avoiding entropy, at the expense of the *natural and social sub-systems*
- the whole physico-socio-economic system *cannot avoid entropy!*
- particularly: the *capitalist “market” economy is designed to exploit* the inevitable openness at the extreme!
- → *institutional* analysis of the (socio-) economy.