

# Contents

<i>List of figures</i>	x
<i>List of tables</i>	xii
<i>Notes on contributors</i>	xiii
<i>Preface</i>	xvii
<i>Acknowledgements</i>	xviii
 <b>Introduction to the Festschrift for Wolfram Elsner</b>	 xix
CLAUDIUS GRÄBNER, TORSTEN HEINRICH, AND HENNING SCHWARDT	
 <b>PART I</b>	
<b>Foundations of institutional and evolutionary policy perspectives</b>	 1
 <b>1 Economic complexity and trade-offs in policy decisions</b>	 3
HENNING SCHWARDT, CLAUDIUS GRÄBNER, TORSTEN HEINRICH, CHRISTIAN CORDES AND GEORG SCHWESINGER	
<i>Introduction</i>	3
<i>The role of public agents and policies</i>	8
<i>Trade-offs between different objectives</i>	11
<i>Conclusion</i>	16
 <b>2 Social costs and the psychology of neoclassical economists</b>	 20
SEBASTIAN BERGER	
<i>Introduction</i>	20
<i>Elsner's philosophy of economics, or: recovering what's "lost in calculation"</i>	21
<i>Earlier calls for a psychology of neoclassical economists</i>	22

	<i>Open psychological questions</i>	23
	<i>Lost in fear: rationalization, repression, compensation, isolation, and projection</i>	25
	<i>Algorithm as myth and knowledge culture, or: losing experiential authority, the “feminine,” and community</i>	26
	<i>Archetypes and complex formation, or: the lost shadows</i>	28
	<i>“Max U.”: a phallocentric hero without soul and full natural body</i>	30
	<i>Cognitive dissonance, cognitive capture, and double truth, or: losing history, wisdom, and the care for the self</i>	32
	<i>Psychology of neoclassical economists as priests</i>	33
	<i>Persecuting blasphemers and losing openness</i>	35
	<i>Conclusion</i>	36
	<i>Acknowledgements</i>	38
<b>3</b>	<b>Evolutionary political economy and the complexity of economic policy: power, knowledge, and learning</b>	<b>43</b>
	JAKOB KAPPELLER AND MANUEL SCHOLZ-WÄCKERLE	
	<i>Introduction</i>	43
	<i>Power: accumulation, distribution, and institutions</i>	45
	<i>Knowledge: pluralism, systemism, and the meso level of political economy</i>	49
	<i>Learning: methodology, economic education, and policy</i>	53
	<i>Concluding remarks</i>	57
	<b>PART II</b>	
	<b>Institutional and evolutionary approaches to policy analysis</b>	<b>63</b>
<b>4</b>	<b>Using the social fabric matrix to strengthen the analysis and modeling of complex systems for original institutional economics</b>	<b>65</b>
	F. GREGORY HAYDEN	
	<i>Introduction</i>	65
	<i>The SFM-A approach differs from the SFM</i>	66
	<i>Distinction between original SFM-A digraph and the SFM application</i>	66
	<i>Keep the SFM diagonal for institutions free of entries</i>	68
	<i>An agent’s place in the SFM-A and SFM</i>	69
	<i>Making the SFM-A consistent with open systems</i>	73

<i>The SFM-A and meso modeling</i>	75
<i>Real-world systems contain variant criteria</i>	76
<i>Rules, regulations, and requirements are created by institutions</i>	78
<i>System differentiation and elaboration and the SFM</i>	81
<i>Summary</i>	83

## 5 Themes in an institutionalist theory of economic policy 87

PAOLO RAMAZZOTTI

<i>Introduction</i>	87
<i>Diachronic and synchronic complexity</i>	88
<i>Variety in coordination</i>	90
<i>Public action</i>	95
<i>Concluding remarks</i>	98
<i>Acknowledgments</i>	99

## 6 On the evolutionary foundations of the dynamic capability view: an exercise using the methodology of isolation 103

KALEVI KYLÄHEIKO

<i>Introduction</i>	103
<i>How to use the methodology of isolation as a tool to reveal the methodological underpinnings of different approaches</i>	104
<i>Economics-based strategy approaches in light of methodology of isolation</i>	112
<i>Conclusions</i>	117

## 7 The enduring tension: the political economy of industrial policy 120

JAMES I. STURGEON

<i>Introduction</i>	120
<i>The concept of enduring tension</i>	120
<i>Economic thought and the enduring tension</i>	121
<i>Production, income distribution, and the enduring tension</i>	126
<i>Economic thought and economic policy</i>	127
<i>Public control of production – the old order</i>	129
<i>Institutional economics and the social control of enduring tension</i>	131

**8 Co-evolutionary processes in a model of long-run economic development** 137

ANDREAS PYKA AND PIER PAOLO SAVIOTTI

*Introduction* 137

*Our starting point: structural change* 138

*Trajectories and patterns of economic development* 141

*Co-evolutionary processes in economic development* 144

*Conclusions* 150

**PART III**

**Policy and crises: finance, growth, and industry** 153

**9 Alternative policies after the financial crisis: new thinking from complex evolutionary economics** 155

PING CHEN

*Introduction* 155

*Diagnosis of the cause of financial crisis* 155

*Policy alternative after the crisis* 159

*Conclusion: new theoretical framework and evolutionary thinking* 169

*Acknowledgments* 170

**10 On crises and changes of growth regimes after the 2008 financial crisis: a regulationist perspective** 173

PASCAL PETIT

*Will the global financial crisis of 2008 put an end to thirty years of pitiful economic neoliberalism?* 174

*Comparison with the growth regime of the Fordist period* 177

*On the sustainability of future growth regimes and democracy* 181

*Towards a second great transformation* 184

<b>11 Innovation and national systems of innovation policies: a network approach</b>	<b>189</b>
SHUANPING DAI	
<i>Introduction</i>	189
<i>Coordination and innovations</i>	191
<i>The emerging innovations</i>	195
<i>An anti-coordination scenario</i>	199
<i>Towards an interactive system for innovation policies</i>	200
<i>Conclusion</i>	204
 <i>Index</i>	 207