'A Modern Guide to Post-Keynesian Institutional Economics'
Edited by Charles J.Whalen
Cheltenham, UK and Northampton, MA, USA: Edward Elgar, 2022. 424 pages, £130 (hardcover)

Whalen used the term 'post-Keynesian institutionalism' to capture the essence of his 2011 edited collection on the causes of, and possible responses to, the Great Recession. The questions posed then were urgent, and the agenda of the collection was notably practical: to put forward policy options going forward.

Here again we see a collective attempt not just to explore the conceptual and methodological contours of the PKI approach, but to put it to use, this time focusing on the experiences of the global pandemic. Contributors have sought to demonstrate the explanatory significance of trends captured by the money manager capitalism (MMC) concept for understanding the vulnerabilities exposed by the crisis. A range of new evidence is put forward across the chapters: Baranes shows balance sheet positions of corporations and distribution out of profits towards dividends and share buybacks; Levin-Waldman highlights household sector inequality and the related political entrenchment occurring across the US; Weller and Karakilic point to the build-up of debt among households, including measures of informal borrowing from friends and family during the crisis; Zachorowska-Mazurkiewicz focuses on gendered pay gaps and other forms of structural inequality. Taken together the evidence exposes the core conflicts regarding the distribution of risk that have characterised the MMC era, and make clear why the US economy in particular is structurally ill-equipped to cope with any form of stress, given the pushing-out of risk towards the periphery – the individual – that has occurred.

Overall the general argument across the volume is convincingly made. There is a little repetition across the papers looking back at the influence of Galbraith, for example, and Minsky, and in setting out the parameters of MMC. There are notable achievements however, one being the inclusion of chapters that extend the scope of PKI beyond the US, such as Klimina's insight into the former Soviet Union. There is in fact considerable geographical awareness and comparison across the pieces. There are attempts to reach out and show where there is sympathy with other literatures. The read-across to the now large financialisation literature is made clear for example, and there is a particularly powerful chapter on links with the Latin American literature on the monetary circuit and development (Girón). This could be extended quite naturally to critical macro finance, another branch out of Minsky with a balance-sheet perspective, with concepts of the de-risking state and the significance of evolutions in market finance. Steps to include and reference more research traditions begs the question about key contributions aligning with institutionalist and post-Keynesian interests that are left out of the name e.g. regulationists and neo-Marxists.

Nomenclature in heterodox economics is not without its controversies, but there are clear positives to draw from the PKI proposal. Post-Keynesians (in the UK especially) can benefit from a stronger recognition of family ties with institutionalism. For one thing it allows more meaningful theoretical incorporation of the state and of political agency into economic theory and aligns with recent ventures across a number of theorists to combine post-Keynesian analysis with comparative political economy. In the other direction institutional economics can benefit from the growing confidence with empirical methods emerging from strands of post-Keynesianism. It is notable that Lavoie has a contribution on stock-flow consistent modelling, and throughout the pieces there is a general focus on the importance of flow-of-funds and balance sheet analysis more generally.

In 'Stabilising an Unstable Economy' Minsky argued that "[t]he actual path an economy traverses depends upon institutions, usages, and policies. In the final analysis, history remains history, although the range of what can happen is limited by basic economic relations" (Minsky 2008 p194). A post-Keynesian Institutionalist perspective feels like a coherent means for capturing this vision.

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Reference

Minsky, H. (2008) *Stabilizing an Unstable Economy*. McGraw-Hill Professional, New York.