

INSTITUTIONAL CHANGE IN THE CONTEXT OF THE ECONOMIC CRISIS:
The Role of Economics Imperialism

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ABSTRACT

The current crisis underscores the fallibility and the fragility of capitalist institutions and institutional frameworks. The economic crisis in Greece and the attempts to address it by the implementation of a Structural and Economic Adjustment Policy (SEAP) have brought about drastic changes in institutions such as the labour market and the state.

This paper examines recent institutional change in Greece and attempts to elucidate the catalytic role of Economics Imperialism in the process. The institutional changes in question are radical as regards both their content as well as the manner of their implementation and consist of neoclassical economic policy coupled with a neoliberal narrative. Diminishing the size of the state as well as deregulating and flexibilising labour market institutions is the spearhead of the changes.

Institutions are pillars of societal organization and constitute a discerning social characteristic. As such, they are more than purely economic entities and have social, political and legal aspects that render difficult the isolation of their scientific study and examination in any single scientific field. It is argued here that the phenomenon of Economics Imperialism has been a necessary precondition for the abrupt and sharp institutional changes under examination. The claim will be examined and substantiated in the case of Greece while attempting to preserve generality. Economics Imperialism is defined as the expansion of the 'economic approach' to the other social sciences with the application of the neoclassical toolkit and the (re)appropriation of research questions from the subject matter of other scientific domains. By doing so mainstream economics claim the authority to provide valid answers to specific questions excluding the consideration of alternative views and research methods.

Under the light of Economics Imperialism and the neoclassical worldview, institutions are conceived simply as efficient solutions to economic problems and are stripped of their historical, social and political aspects. This conceptualization of institutions enables the application of the policies in question (SEAP) leading to a transformative shift towards neoliberalism and to the subsequent demise of institutions. The neoclassical theoretical toolkit of Economics Imperialism (rationality, utility maximization, methodological individualism, equilibration) underpins the content of the applied economic policy and defines the institutional changes under examination.

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