

Institutional Economics @ MSU-AFRE

What is IE anyway?

Does it have any theory? Yes, **bounded rationality, evolution and learning** are substituted for, rationality, equilibrium and fixed preferences.

Several institutional economists (IE) came here from Wisconsin—Henry Larzalere and Raleigh Barlowe, Gar Wood (international), Glenn McBride (marketing), Dan Sturt and Coletta Moser (Labor). A case can be made that institutional economics has now moved across the lake. Presently David Sweikhardt (combining law and economics) is teaching 810, Institutional and Behavioral Economics, as it has evolved from Barlowe's resource economics.

Sandra Batie taught environmental econ and did policy work. Extension work in policy is a tradition with Art Mauch, Al House (local government) and Lynn Harvey. It is not often that a citizen impressed with outreach endows a chair (now held by Mark Skidmore). Eric Scorsone continues this tradition.

IE put Power back into economics going against the conclusions of pure competition. **IEs are troublemakers** and challenge the powerful.

Orion Ulrey got crossways with the Farm Bureau and it cost him promotions and salary. He helped organize the MSU Credit Union and a student co-op house. Anyone working on cooperatives such as Henry Larzelere was suspect. Jim Shaffer taught consumer behavior. He helped the Michigan Legislature pass the Michigan Agricultural Marketing Act and was part of the creation of Michigan Agr. Mktg Assoc. MACMA which was challenged in court by those who did not like farmers doing collective bargaining. He also was chair of the Michigan Railroad Advisory Council. Schmid had the temerity to study the lower courts and found that lawyers assumed this was their exclusive domain. Creation of new institutions is a hallmark of institutional economics since John R. Commons.

IE overlaps marketing, international development, and even farm management. Glenn Johnson, an undergrad student of Larzalere, argued that management was more than production economics because it involved families. Chris Peterson and Schmid taught a Master's course in management and organization of the firm. Lindy Robison may teach analytics, but his heart is in social capital.

Many past and present do institutional economics even if nor carrying the label, for example Jim Bonnen, Mike Weber, Latin America and John Staatz, Africa (both students of Shaffer)

Institutional economists get their hands dirty,