Economics as a process
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Essays in the New Institutional Economics

Edited by RICHARD N. LANGLOIS
The University of Connecticut
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Preface

In a certain sense, this volume owes its existence to youthful exuberance. Its genesis really traces to the years 1978–80, when I was researching my Ph.D. dissertation at Stanford University. Originally motivated by an interest in the problems of technology and technological change, I had begun to discover certain more-or-less unconventional approaches to economic theory. Indeed, it seemed to me that I had stumbled upon an oddly coherent body of ideas – oddly coherent in that, although the ideas themselves seemed to fit together remarkably well, the writers whose ideas they were appeared almost entirely unaware of one another or of the commonalities I perceived. The notion of bringing some of these authors together naturally suggested itself, even if such a suggestion was, at the time, a wholly fanciful one.

When I accepted a postdoctoral position at New York University in 1980, I had met none of the authors in this volume (with the exception of Stephen Littlechild, who had visited Stanford in the winter quarter of 1980). But during the next years I had occasion to meet several of them and even to work closely with one or two. I slowly became persuaded that the idea of a conference might not be so fanciful after all. With the assistance of my colleagues (Richard Nelson, Gerald O’Driscoll, and Mario Rizzo were particularly helpful and encouraging), I managed to secure funding and to fill out a roster of participants.

Indeed, under the administrative aegis of the C. V. Starr Center for Applied Economics at New York University and with the support of the Liberty Fund, Inc., of Indianapolis, the plan for a conference blossomed into a plan for two conferences. The first took place in October 1982 in Greenwich, Connecticut. Eight authors each presented for discussion the outline of a proposed paper. As an aid to that discussion, I prepared and circulated an introductory synthetic essay, a revised and shortened version of which appears as Chapter 1 of this volume. The second conference, in March 1983 at Airlie House in Virginia, saw the presentation of the eight completed papers.

In addition to the paper-givers, a number of discussants attended one or both sessions. They were James Buchanan, George Mason University; Marie-Thérèse Flaherty, Harvard Business School; Almarin Phil-
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Lips, University of Pennsylvania; Mario Rizzo, New York University; David Teece, University of California at Berkeley; Karen Vaughn, George Mason University; and Sidney Winter, School of Organization and Management, Yale University. Dr. Louis M. Spadaro, retired dean of the Fordham Business School, served as moderator for both meetings.

This volume contains all eight papers presented at the Airlie House conference, along with my introductory chapter and a new Chapter 10. Several of the authors have revised their papers since that conference and have added some new material.

Many of these authors, I should also note, are precisely the ones I was reading in the period 1978–80. Although youthful exuberance has somewhat given way – as it ought – to an increased recognition of the subtleties and complexities of what I have chosen to label “the New Institutional Economics,” I nonetheless remain strongly convinced of the coherence and fruitfulness of the ideas you will find in this volume. Quite apart from any programmatic unities the papers may (or may not) display, they all clearly share a suggestiveness and a sense of new possibilities; this is, as I hope you’ll agree, a book of overtures rather than codas.

I would like to thank the administrators and staff of the C. V. Starr Center for Applied Economics for their good efforts and the Liberty Fund for its most generous support. I would especially like to thank Kenneth S. Templeton, Jr., now no longer with the fund, for his help in making the conferences a reality. On behalf of the authors, I would like to thank an anonymous reader for Cambridge University Press for helpful suggestions and Colin L. Day, the press’s editorial director, for his assistance and patience in seeing this project to publication.

Richard N. Langlois

West Willington, Connecticut
Contributors

Richard N. Langlois, the editor, was educated at Williams College, Yale University, and Stanford University. He taught for three years at New York University, where he was affiliated with both the C. V. Starr Center for Applied Economics and the Center for Science and Technology Policy. He is now an assistant professor of economics at the University of Connecticut, Storrs.

Ronald A. Heiner is professor of economics at Brigham Young University.

Axel Leijonhufvud is professor of economics at the University of California, Los Angeles.

Stephen C. Littlechild is professor of commerce and head of the Department of Industrial Economics and Business Studies at the University of Birmingham.

Brian J. Loasby is professor of management economics at the University of Stirling.


Gerald P. O’Driscoll, Jr., is a senior economist with the Federal Reserve Bank of Dallas.

Andrew Schotter is associate professor of economics and co-director of the C. V. Starr Center for Applied Economics, New York University.

Oliver E. Williamson is Gordon B. Tweedy Professor of the Economics of Law and Organization at Yale University.