WHAT'S LEFT FOR ECONOMIC METHODOLOGY? A REALIST-PRAGMATIST AGENDA FOR THE POLYCRISIS

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Abstract

The current "polycrisis" has also sharpened longstanding methodological dilemmas in economics: how to navigate valuation beyond cost-benefit logics, how to exercise judgement under conditions of radical uncertainty, and how to conceptualise rigour without sacrificing real-world complexity. Alternative, "heterodox" traditions such as post-Keynesian economics (PK) and Original Institutional Economics (OIE) have long criticised standard imaginaries and offered new ways to think beyond dominant economic formalists. This article explores how three specific categories, *social ontology*, *processes of valuation*, and *scientific rigour and expertise* can form the basis of a methodological framework bridging both schools. It highlights their shared roots in pragmatism, open-systems reasoning, and causal-historical analysis, and explores how each addresses uncertainty, institutions, and social purpose. An OI-PK framework, or a "realist-pragmatist" agenda can renew methodological debates by grounding economic inquiry in real-world processes and ethical reflection, offering the foundations for a more socially responsive and institutionally aware practice of economic science.

Keywords: Economic methodology; post-Keynesianism; Original Institutionalism; social ontology; theories of value; economic expertise; higher education.
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1 Introduction

Methodology is at the heart of our current economic dilemmas. In a time of polycrisis – rising inequalities, climate emergency, democratic deficit, threats of generative AI – the ways in which economists conceptualise reality, deem what is valuable, and justify their claims actively shape the futures they help make possible. Such performativity capacity (Callon, 2010) lies within the own nature of economic knowledge as grounded in society's everyday life: by trying to understand and explain our world's complex and layered reality, economists also actively create and shape new economic imaginaries and identities. Examples of an "economic" form of imagination are how we consider: (1) economic problems to be associated with choices, trade-offs and scarcity dilemmas; (2) efficiency to be above equality or wellbeing; (3) profit/utility maximisation and cost-benefit analysis as rigorous ways of socioeconomic valuation; and (4) scientific rigour and economic expertise as only entitled to certain communities that share particular values of neutrality and a positive approach to economic issues.

Alternative, "heterodox" traditions such as post-Keynesian economics (PK) and Original Institutional Economics (OIE) for long have criticised these imaginaries and offered new ways to think beyond the "economisms" and formalism that dominate standard economic discourse. These approaches emphasise *inter alia* economics as concerned with all processes related to social provisioning, methodological pluralism, and scientific pragmatism associated with ethical conduct and social betterment as end-goals of economic inquiry. Much of the existing literature discusses their methodological foundations and onto-epistemic principles, focusing on open-systems ontology, pragmatism, realism, causal-historical economic explanations, and policy relevance (Chick & Dow, 2005; Hodgson, 2001; Lawson, 1997).

Nonetheless, questions remain on how these can practically address emerging challenges together, and how their methodological foundations can offer an alternative agenda. Thus, this article provides a methodological intervention and analysis. It explores how post-Keynesian Economics (PK) and Original Institutional Economics (OIE) can provide complementary methodological resources to navigate the epistemic and normative challenges facing economics in the context of polycrisis. I argue that these traditions offer more than critiques of neoclassical orthodoxy, as they help develop a grounded, socially responsive, and institutionally aware economic practice. For instance, by answering questions

of "what counts as an economic problem?"; "whose knowledge counts, and how is it produced?", "how economic decisions can be made under challenging contexts?", and "how can we reinterpret economic value?", an "OI-PK" common agenda can provide practical tools to agitate our economic imagination and rethink our processes of inquiry.

Further underlying questions emerge from attempts to build this joint methodological agenda. First, while there are challenges in forcing shared analytical principles and the risks of "generalist selection", it remains crucial for the heterodox community to cultivate cross-school dialogues, particularly within the post-Keynesian Institutionalist (PKI) sub-field (Whalen, 2020). Such dialogue not only strengthens the pluralist element of heterodox economics, but also supports methodological renewal in response to evolving socio-economic conditions. Second, it is important to recognise the distinct historical roots and intellectual lineages of both schools. OIE's foundation in American pragmatism, evolutionary institutionalism, and the social theory of value provides a relational and ethical grounding that can complement the causal–historical and open-systems realism of PK. Conversely, PK's macro-monetary and systemic approach can enrich institutional analysis with an understanding of aggregate demand, financial instability, and uncertainty – areas where OIE has often been less developed.

In this sense, this article situates PK's analytical realism and historical process orientation within a broader institutional and ethical frame, while drawing from OIE's pragmatist ontology and social theory of value to reinforce PK's normative and methodological depth. The article builds on a review of both traditions and illustrates their complementarity through the example of the crisis of higher education. It proceeds as follows: Section 2 outlines the onto-methodological foundations of post-Keynesianism and Original Institutionalism, focusing on how each frames and understand the issue of social reality. Section 3 discusses how both schools understand theories and processes of valuation, looking at how OIE can further strengthen PK with its Social Theory of Value. Section 4 looks at their understanding of scientific expertise and rigour, an overlooked yet important element to capture how economic problems (and solutions) are framed within particular contexts and needs. Section 5 puts the "realist-pragmatist" agenda to work by examining higher education as a site where ontology, value, and expertise intersect in practice. Finally, the concluding remarks reflect on how revisiting these methodological elements can shed light on the broader question of how economics might better serve society under conditions of uncertainty, crisis, and institutional change.

2 How To See Social Reality: Realistic Ontologies and Pragmatist Methodologies

The assessment of social reality is the foundation of non-orthodox economics (Lawson, 2025), in which ontological discussions about the nature and processes of social provisioning are at their core when engaging in economic inquiry. Understanding the place of institutions in everyday life, the processes of social order, and potential future events caused by economic downturn lies at the heart of both post-Keynesian and Original Institutional Economics. They see ontology in conceptually different ways, yet such readings are, as I demonstrate, complementary.

2.1 Does post-Keynesianism has no philosophy? Open-systems and the role of history

Claims that "post-Keynesianism has no philosophy" represent an opportunity to discuss the ontological and analytical foundations of PK and its approaches (Churchill, 2022). Contrary to Marxism, Feminist Economics, and Original Institutionalism, post-Keynesianism can be placed in a position of vulnerability by its lack of an explicit philosophical stance. Yet this very openness can also be seen as a strength: it allows post-Keynesianism to operate as a pragmatic, problem-oriented research tradition, guided less by rigid ontological commitments and more by the imperative of realism and relevance while acknowledging complex economic entities, such as uncertainty, historical specificity, and complexity.

Thus, a clearer ontological orientation can enhance its methodological coherence and normative clarity. Post-Keynesianism traditionally seeks to build economic theory upon more realistic assumptions about the economy's structure, uncertainty, and institutional context (Lavoie, 2014). Its core methodological commitments respond directly to the inadequacies of neoclassical economics, particularly its reliance on equilibrium modelling, axiomatic reasoning, and reductionist views of human behaviour while presenting foundations for a stronger ontology of economic issues.

The ontological "core" of post-Keynesianism can be attributed to three main pillars.

First, the notion that the economy unfolds in historical time, not in logical or reversible time as assumed in neoclassical models. Following Joan Robinson (1953), historical time implies that economic processes are irreversible, path-dependent, and subject

to genuine novelty. To put differently, decisions taken in the present alter the conditions under which future decisions are made; once a choice is made or an event occurs, it cannot simply be undone. This understanding directly challenges the equilibrium-based logic of neoclassical economics, which assumes that time can be compressed into a set of simultaneous relationships between variables. In contrast, post-Keynesians view the economy as an unfolding process in which the past shapes the present and the present shapes the range of possible futures, using time as a replacement for equilibrium (Gallo and Setterfield, 2023). This conception of temporality brings post-Keynesianism close to evolutionary and institutionalist thought, in which causation is cumulative and historical contexts matter – in levels of fundamental reality and practicality (tractability) (Gallo and Setterfield, 2023). Bringing historical time to the centre of economic reality also has normative implications: given that the future is not predetermined, economic policy must confront genuine openness and indeterminacy rather than rely on optimisation under certainty.

A second foundational element is fundamental uncertainty, a concept originating in Keynes's *Treatise on Probability* (1921 [2013]) and *General Theory* (1936 [2007]). Post-Keynesians interpret Keynes's claim that "we simply do not know" as a deep ontological statement about the nature of economic reality. The future is not merely unknown but unknowable: it cannot be reduced to a set of calculable risks or probability distributions. Unlike neoclassical risk, which presumes a closed world of known possibilities, fundamental uncertainty means that the very space of possible outcomes is open-ended and socially constituted. This is not ambiguity, as it can be referred to in "degrees" or "intervals" (Dequech, 2000), but a deeper state of the unknown. Economic agents therefore act not on perfect foresight or rational expectations but through conventions, institutions, and social norms that stabilise and help to ground decision-making under indeterminacy. It is also important to note that fundamental uncertainty has implications for expertise: it situates knowledge and expertise as provisional, context-dependent, and institutionally mediated, not as the discovery of timeless economic laws, exposing the issues of *inter alia* overconfidence (Angner, 2006). Further, it reintroduces qualitative and issues of conduct (such as ethics and politics) into economics: given that the future cannot be known, economic action is unavoidably speculative and moral, requiring judgments about *which* futures are desirable and for *whom*.

Lastly, post-Keynesians conceive the economy as an open system – that is, a reality that is complex, evolving, and shaped by social and institutional interdependencies. Building

on the work of Sheila Dow (1996, 2012), Victoria Chick (2004), and Tony Lawson (1997), this view rejects the neoclassical assumption that the economy can be represented as a closed, self-contained system governed by stable laws and predictable outcomes, as in most mathematical models or laws in economics. In an open-systems ontology (OSO), causal mechanisms are contextual and emergent, interacting across different structural levels, namely technological, institutional, cultural, and political. Economic inquiry therefore cannot rely on a single, universal method. Rather, it requires epistemic and methodological pluralism, comparative reasoning, and sensitivity to context. Methodological rigour under OSO does not mean adherence to formalism but coherence with the open, historically contingent nature of the object of study, opening up the possibility for introducing mixed-methods research and qualitative inquiry as a form of retroduction (Downward & Mearman, 2007). The open-systems view also connects post-Keynesianism to a social-realist philosophy of science: the economy is real, but its structure is relational and evolving, not an isolated mechanism waiting to be "discovered." This situates post-Keynesian economics as a processual ontology, which is concerned not with static equilibria but with how institutions, expectations, and power relations co-evolve over time, not necessarily for the better.

Indeed, these pillars define an ontology of process and emergence rather than one of equilibrium and stability, as they locate economic reasoning within an evolving social reality rather than outside it. This makes post-Keynesianism methodologically pluralist, but also ontologically realist and pragmatist: its realism grounded not in static essences but in the dynamic interplay of institutions, expectations, and historical change, while its pragmatism treats knowledge as a tool for navigating uncertainty and guiding action within evolving social contexts.

2.2 Pragmatism and social reality as an evolutionary process: a future common ground

Somewhat complementary to post-Keynesianism, Original Institutional Economics (OIE) offers a fundamentally processual and pragmatist ontology of the social world. Drawing on John Dewey's *Theory of Valuation* (1939), it conceives reality not as a fixed set of objects or relations, but as something continuously constituted through inquiry, practice, and interaction. Knowledge, in this view, is not a mirror of reality but a tool for navigating it; that is, a way of coping with uncertainty and coordinating social action. Economic inquiry, therefore, is itself part of the evolutionary process it studies: it shapes and is shaped by the

institutional arrangements, technologies, and values that define collective life (Hamilton, 1953).

For Original Institutionalists, then, three core points are noteworthy when discussing their ontological views. Firstly, the conception that the economy is a historical and evolutionary process instead of a self-contained mechanism tending toward equilibrium. Following Veblen's (1898) discussion on the state of the economics discipline fulfilling a social purpose, the economy is a process in motion characterised by cumulative change and interdependence. Thus, institutions – that is, the habits, norms, and rules that structure behaviour are not static constraints but *dynamic* and *contested* arrangements, continuously remade through conflict, adaptation, and innovation. Ontology for Original Institutionalists is inherently social-relational: individuals and institutions co-evolve, each shaping the other within historically specific contexts.

Secondly, how such evolutionary ontology is further expressed through the principle of cumulative causation, developed by Veblen (1898) and later refined by Myrdal (1957) when discussing structural economic dynamics. Social and technological change occurs through feedback loops, where small shifts in behaviour, policy, or technology can reinforce or undermine existing institutions, thus producing path-dependent trajectories of development. Crucially, this means that outcomes are neither optimal nor inevitable. Rather, they are contingent on collective choices, power relations, and interpretations societies use to define what is valuable or possible.

Lastly, for the pragmatist–institutionalist tradition ontology and epistemology are deemed inseparable from value and ethics: economic inquiry is a social process on itself, guided by norms of problem-solving, social betterment, and human flourishing. On this, scholars such as Mayhew (1987) claim that the role of the economist is not merely to describe institutions but to engage in their critical evaluation, as per Dewey's ethics of inquiry, which would lead to a "normative" assessment in political economy (Tool, 1993). Thus, the evaluation of institutions depends on their capacity to enhance human capabilities and democratic control, suggesting a form of epistemic ethics: knowledge in economics should be reflexive, situated, and oriented toward social betterment rather than detached prediction or control.

Such a pragmatist and evolutionary conception of social reality provides fertile ground for dialogue with the ontological foundations of post-Keynesianism, given its rejection of equilibrium thinking and emphasis of historical time, uncertainty, and

institutional dynamics. The fact that institutionalists insist on inquiry as a form of process that is inseparable from ethics supports a post-Keynesian view of economics as a moral and political practice, making them a suitable combination for reinterpreting the socioeconomic challenges of the polycrisis.

3 Bringing the "Social" to a Theory of Value

The issue of value lies at the heart of both economic theory and social life, yet it remains one of the most contested and underdeveloped areas in heterodox schools that are not related to Marxism. While post-Keynesianism focuses on the processes of value creation and distribution within a monetary economy of production, Original Institutionalism directs attention to the social and ethical dimensions of valuation, looking at how societies collectively decide what is worth producing, preserving, or rewarding. I now turn to the issue of value in both schools in more detail.

3.1 The absence of a theory of value as a weakness in post-Keynesian economics

A long-standing critique of post-Keynesian Economics concerns its lack of a systematic theory of value. Unlike Marxian or classical approaches, which anchor value in labour or physical production relations through the transformation of commodities, post-Keynesians have primarily focused on the processes through which value is created, distributed, and realised within a monetary economy of production (Kregel, 1983; Araujo, 2019). As part of the post-Keynesian "umbrella", Sraffian strands are the ones that came closest in developing a more formal account by tracing how *embodied labour values* underpin relative prices in production systems. Nonetheless, even this remains contested within the broader post-Keynesian community, as several scholars, such as Lavoie (2014) reject the reduction of value to objective production conditions, emphasising instead the institutional and monetary nature of capitalist economies. Consequently, a post-Keynesian approach to value tends to remain implicit, dispersed across analyses of income distribution, pricing, and monetary dynamics rather than articulated as a unified theory.

Rather than grounding value in labour or utility, post-Keynesians have typically examined how institutions, expectations, and power relations shape the formation and distribution of value in capitalist economies. Keynes's *Treatise on Money* (1930 [2011]) and *The General Theory* (1936 [2007]) already locate the creation of value within the circulation of

money and credit, where investment and effective demand determine output and income. Later contributions, such as Galbraith's (1958) analysis of corporate power and administered prices (if positioned as one of the predecessors of post-Keynesian Institutionalism), and Kalecki's (1971) theory of mark-up pricing, reinforce this institutional orientation. Thus, value in the post-Keynesian sense is not a social entity *a priori*, but an outcome of social coordination, expectations, and strategic behaviour under conditions of uncertainty. It emerges from the interplay between financial structures, productive capacity, and policy frameworks, therefore focusing less on "what value is" and more on how value is produced and distributed in real time.

Noteworthy that this pragmatic focus leaves unresolved questions about the normative and ethical dimensions of valuation. Post-Keynesians often invoke policy goals such as full employment, equitable distribution, and social welfare, but these rely on implicit judgements about what constitutes "socially desirable" outcomes. On this, scholars such as Davidson (1991) and Chick (1998) have argued that Keynes's moral philosophy – rooted in concern for social justice and the good life – underlies the post-Keynesian project, even if it is rarely made explicit. This opens the possibility for greater dialogue with institutionalist and pragmatist approaches, which view valuation as a socially embedded, ethically charged process. A more explicit integration of ethical reasoning could strengthen post-Keynesian's theoretical foundation by linking its descriptive analysis of monetary production with a normative vision of economic purpose - not only to understand capitalism, but to inform its reform.

Paradoxically, the absence of a formal theory of value within post-Keynesian economics can also be read as an opportunity to rethink and renew core concepts. By resisting reductionist notions of value – whether grounded in labour, utility, or equilibrium – post-Keynesians open a space for a richer and more socially embedded conception of valuation, enabling the potential dialogue with Original Institutionalism's pragmatism. If, for the latter, valuation is not a purely economic mechanism but a collective inquiry into what is socially worthwhile and shaped by norms, power relations, and the broader purposes of economic organisation, a post-Keynesian engagement with a notion of social theory of value could therefore help articulate the normative underpinnings of its macroeconomic vision. This would better align its focus on monetary production and distribution with a more explicit account of how societies decide what and who is valuable.

3.2 Original Institutionalism's Social Theory of Value

For Original Institutionalists, value is neither an inherent property of commodities, as in Marxian labour theory, nor the outcome of subjective preference as in neoclassical utility theory. Instead, value is understood as a social and institutional process that emerges through the social provisioning process and the organisation of collective life. What societies deem valuable depends on historically specific arrangements of institutions, technologies, and cultural norms (Commons, 1934; Veblen, 1899 [2017]). This means that valuation is not universal or timeless, but rather embedded in systems of meaning and power that evolve with social practice and institutional rules. Institutionalists thus treat the economy as a moral and cultural domain, where economic behaviour is guided by prevailing norms and habits of thought rather than immutable laws. As Hodgson (2004) observes, this institutional grounding of value enables economics to be reconnected with the social sciences, recognising that "valuation" is always mediated by the structures of collective life that shape perception, aspiration, and legitimacy.

Within this framework, Ayres (1962) refined the institutionalist analysis of valuation by adopting a dichotomy, distinguishing between ceremonial and instrumental value systems[1]. Ceremonial values refer to the preservation of status, hierarchies, power, and tradition – that is, forces that tend to resist change and protect vested interests. In contrast, instrumental values are oriented toward technological progress, problem-solving, and the enhancement of collective welfare. The tension between these two modes of valuation defines the dynamics of institutional change: progress occurs when instrumental values dominate, regression when ceremonial values prevail. Noteworthy, however, that Ayres's dichotomy should not be understood as rigid moral dualism, but as a heuristic for analysing how institutions either facilitate or inhibit the creative reorganisation of society. Subsequent institutionalists such as Dugger (1980) and Bush (1987) have elaborated this distinction, showing how ceremonial dominance manifests in contemporary capitalism; for example,

[1] As I have argued elsewhere (Guizzo, 2024, p. 403), "the *ceremonial* aspects of social activities involve deeply ingrained symbolic, traditional, and ritualistic elements of socioeconomic behaviour, which may include customs, cultural norms, and social conventions that shape actions (…). Ceremonial behaviour is both a) a type of power system given its controlling, normalising, manipulating, and unequal nature; as well as b) a set of ideas and concepts organised to sustain inequality, oppression, imperialism, and hierarchies (…). The *instrumental* aspects refer to technical, rational, and practical processes. (…) Rather than equating instrumentalism to technological determinism and optimism, instrumental concepts are linkages, connections, and patterns amongst tools, epistemic concepts, and methods that promote democratising and liberating relationships within the institutional setting."

when profit-seeking or hierarchical control are prioritised over democratic and humanistic goals.

Building on this genealogy, Tool (1986; 1993) developed a social theory of value that operationalises institutionalist ethics as a set of wider principles. For Tool, value arises not from exchange or individual satisfaction, but from the capacity of institutions and technologies to enhance human potential and democratic participation. His "instrumental value principle" provides a normative criterion for evaluating economic arrangements: institutions should be judged by whether they expand the possibilities for effective, cooperative, and creative human action. Tool thus connects processes of valuation directly to the evolutionary and ethical dimensions of institutional life. Rather than assuming a universal measure of worth (such as labour time or market price), his approach invites inquiry into how valuation practices can promote or undermine human development. This gives the institutionalist theory of value a distinct ethical direction: one that transforms valuation into an ongoing, collective process of evaluation, experimentation, and social learning.

Further, the institutionalist understanding of valuation draws on Commons's (1924) concept of "working rules", which describe how individuals and organisations resolve disputes and allocate rights within the broader institutional framework. These rules define who is entitled to act, what actions are legitimate, and how conflicts over resources and values are settled. In this sense, valuation is inseparable from governance and law: it is a practical activity embedded in the institutional praxis of society. The value (or "worth") of an activity or good depends on how institutions codify and enforce expectations, regardless of being a market, bureaucratic, or collective bargaining process. Valuation in this sense also becomes a legal and procedural exercise in addition to being an economic one, given that our evolving system of rules mirrors what society allows and encourages – a descriptive process, not simply normative.

A core message deriving from Original Institutionalism's debate on valuation relates to shifting the question from "what is the essence of value?" to "how do societies engage in valuation, and with what consequences?". Such shift is methodological: it reframes economics as an inquiry into processes of valuation rather than as a search for immutable value laws. As Rutherford (1994) and Gruchy (1947) argue, this approach emphasises democratic deliberation and ethical inquiry, in which valuation becomes a public process through which societies define priorities, legitimise policies, and navigate conflicts between

competing interests. Needless to say, conflicts and power imbalances can emerge from such disputes and potential disagreements on valuation.

In summary, whilst post-Keynesian economics has focused on the dynamics of production, distribution, and monetary circulation, its implicit theory of value can be strengthened through engagement with the Original Institutionalist tradition, given that both schools reject atomistic individualism and static equilibria, conceiving the economy instead as a historical process of collective coordination and conflict. The institutionalist social theory of value complements the post-Keynesian emphasis on uncertainty, expectations, and effective demand by situating these processes within the ethical and institutional conditions that make them possible. From this perspective, value is neither reducible to price mechanisms nor fully captured by income distribution; it is constituted through evolving practices of coordination, legitimation, and public deliberation. An integration, for instance, of the institutionalist concern with democratic valuation and the post-Keynesian analysis of financial and productive structures offers a rich account of what is considered valuable, as well as how economies generate, distribute, and contest value in different contexts over time.

4 Economics and Science Go Together: Rigour and Expertise in Economics

After discussing how a potential methodological agenda between post-Keynesianism and Original Institutionalism can capture and reinterpret issues of social reality and processes of valuation, this section now turns to the question of how economists ought to exercise inquiry – that is, how rigour, expertise, and ethics can be redefined through the combined lenses of the two schools. What do economists do in response of a certain reality, or the nature of an economic issue? This, as I show below, is key for a thorough methodological agenda.

4.1 Less Formalisms: Economic Inquiry as Problem-Solving and Social Learning

As previously discussed, for Original Institutional economists, economic inquiry is best understood as a problem-solving activity, rather than as the discovery of universal, immutable laws. This Deweyan view of science conceives inquiry as a social and experimental process, in which knowledge evolves through collective attempts to resolve concrete problems (Dewey, 1916; 1938). Within this framework, theory serves practice: its validity

depends on its ability to illuminate real-world processes rather than to achieve formal elegance or mathematical closure. Economics, after all, must grapple with the conflicts and negotiations that shape collective life, particularly in the legal and institutional spheres (Commons, 1924). The implication is that economic rigour lies not in abstraction, but in methodological adaptability, or the willingness to adjust analytical concepts and tools in response to empirical and moral challenges. Therefore, rigour becomes something contextual, not formal. It is measured by how well inquiry fits the complexity of its object.

Further, and above all, Dewey emphasised that methods are *tools*, not ends in themselves, and that scientific practice must remain accountable to democratic values. As Tauzin and Woltz (2025, p. 343) claim, for Dewey "there is a difference between intelligence that is relevant in addressing social problems" and "the kind embodied in the scientific method", and such ethical orientation has been further developed by Tool (1986) and Waller (1988) when emphasising that economists are not neutral technicians but participants in shaping society's systems of valuation. Expertise, in this sense, carries a moral responsibility: it must contribute to social betterment, however what "betterment" means is historically and contextually defined.

Such methodological flexibility, therefore, is different from relativism; it is a commitment to intelligent experimentation and democratic accountability, ensuring that economic knowledge remains fit for purpose and responsive to the lived conditions and values of communities.

4.2 Convergences for a Realist-Pragmatist Approach: Toward a Reconstructed Ethos of Economic Expertise

This pragmatic and ethical conception of inquiry supports the post-Keynesian commitment to realism and open-systems ontology. As presented in section 2, for post-Keynesians, rigorous analysis begins with the recognition that economies are non-ergodic, historically specific, and monetary in nature (Lawson, 1997; Chick & Dow, 2005). The shared emphasis with OIE is on understanding the processes involved in social reproduction activities and structures – namely, production, finance, care, and distribution – within their institutional and social contexts. In both schools of thought, rigour can be redefined as logical coherence, institutional relevance, and empirical adequacy rather than solely formal precision. More importantly, the methodological implication is the defence and practice of pluralism guided by problem-fitness and as a form of ethical positioning: combining *inter alia*

historical inquiry, ethnography, stock-flow consistent modelling, or institutional case studies, always paying attention to when they are appropriate depending on the question in place. No single method holds a monopoly on rigour; rather, good inquiry is that which remains open, reflexive, and responsive to evolving social realities.

Overall, I claim that these ideas point toward a reconstructed ethos of economic expertise grounded in reflexivity, institutional awareness, and, above all, ethical responsibility. Both Original Institutionalism and post-Keynesianism reject the idea that economics can (or should) emulate the natural sciences by seeking timeless laws, explanations solely in mathematical language, or detached neutrality. Instead, they affirm a public and situated understanding of expertise, one that recognises the economist as a participant in ongoing processes of social coordination and change. Methodological rigour, in this shared "realist-pragmatist" view, arises from the ability to integrate diverse forms of evidence and reasoning into a coherent, context-sensitive analysis. It also requires a sensitivity to power, distribution, and moral consequences (Dugger, 1996), dimensions that purely technical economics tends to exclude. Thus, the common realist-pragmatist agenda is not anti-scientific, but rather reconstructive: it aims to redefine what counts as "science" in economics by grounding it in inquiry, pluralism, and democratic deliberation. This reorientation gives space to a different kind of economics; one that is more suited for dealing with the urgencies of our contemporary world – intellectually rigorous yet open-minded, socially relevant, and ethically engaged.

5 Putting the Agenda in Action: What is it for?

How can post-Keynesianism and Original Institutionalism (jointly) address emerging challenges, and how can their onto-methodological foundations offer an alternative agenda to agitate our economic imagination and rethink our processes of inquiry?

The methodological synthesis between Post-Keynesian and Original Institutional Economics can be made most concrete when applied to a real-world domain that is going through deep institutional and epistemic transformation. One appropriate example for this is higher education, where notably in Anglo/US systems, marketisation, fiscal austerity, and technological disruption have challenged long-standing understandings of the university's public value and social purpose (Guizzo, 2024). In this context, a "realist-pragmatist" framework offers not merely a critique of prevailing economic narratives, which frame education as a private investment in human capital, but as an actual alternative lens for

reimagining universities as evolving, open institutions embedded in broader socio-economic systems. By combining post-Keynesianism's open-systems macroeconomic reasoning with the evolutionary and value-oriented Original Institutional analysis, we can rethink how universities are valued, governed, and studied.

The following sub-sections outline how this synthesis can illuminate three interrelated questions: how to understand universities as historically evolving institutions; how to reassess their social value; and how to democratise expertise in shaping their economic futures.

5.1 Universities as Evolving, Open Institutions

Both post-Keynesian and Original Institutionalist Economics reject the reduction of higher education to a private investment in human capital, which still persists as the dominant framework in mainstream economics and educational policy since Becker (1964). Within that logic, the university is conceived as a site where individuals enhance their productivity, yielding measurable returns in wages and directly contribute to economic growth. Such an approach not only abstracts education from its institutional and social context, but also obscures its collective dimensions and evolving purposes, emphasising its strict instrumental and tangible aspect. In contrast, post-Keynesian and Original Institutionalist traditions regard universities as open, evolving, and contested institutions embedded in wider systems of production, distribution, and social learning.

From a post-Keynesian standpoint, universities can be seen as integral parts of a monetary economy of production and the social provisioning process. They contribute to effective demand through employment, investment, and regional expenditure, generating multiplier effects across the macroeconomy. More importantly, universities influence expectations about technological innovation, employability, and long-term social stability in a fundamentally uncertain world. As Manickam (2024) suggests, education functions as both an investment and a stabilising institution, helping societies navigate the inherent uncertainty of the future by fostering adaptability and knowledge creation. Within this view, policy regimes and funding structures – from post-war welfare expansion to the neoliberal restructuring of the 1980s – determine whether higher education supports inclusive development or reinforces inequality. With a post-Keynesian lens, education becomes a site of collective insurance against uncertainty: societies educate not because of calculable returns, but because the future is unknowable.

As for Original Institutionalists, the university's identity and purpose must be understood in terms of institutional evolution, yet not necessarily towards more social emancipation. Following Veblen's (1918) *The Higher Learning in America*, which describes and impressively anticipates some of the challenges faced by higher education today, universities embody tensions between ceremonial and instrumental values – that is, between prestige-driven hierarchies, profit motives, and the instrumental pursuit of socially beneficial knowledge. This duality remains evident in contemporary transformations, from the Humboldtian ideal of "Bildung" to today's "entrepreneurial university." Institutional evolution, as Commons (1924) described, is a process of redefining the "working rules" of what a contemporary university would mean: the norms, rights, and obligations that govern the actors, rules, and functions of higher education. These rules can, for instance, materialise through accreditation systems, research assessment frameworks, and the expansion of managerial hierarchies that mediate and commodify the pursuit of knowledge.

Additionally, changes in certain parts of the higher education system, such as tuition fees, performance metrics, or intellectual property regimes can generate feedback effects that reshape the broader institutional ecology, which can be explained through the lens of cumulative causation (Veblen, 1898; Myrdal, 1957), and these can oscillate between ceremonial conformity to rankings and instrumental engagement with social challenges (Guizzo, 2024). For a realist-pragmatist framework, then, the university is not a fixed commodity but an open institution: historically contingent, dynamically evolving, and central to the collective management of uncertainty and knowledge creation.

5.2 What Is the Social Value of Higher Education?

The question of value lies at the heart of both traditions' critique of neoclassical economics. As discussed in section 3, post-Keynesian and Original Institutionalist perspectives converge in rejecting the treatment of value as a function of individual utility or market price., which would mean that the economic worth of universities cannot be adequately captured by superficial metrics such as graduate earnings or GDP contributions. Rather, it must be assessed in relation to their capacity to expand capabilities, improve and foster social cohesion, and generate the knowledge required for collective problem-solving.

Post-Keynesian economics does not hold a unified "theory of value"; instead, it focuses on processes of value creation and distribution within a monetary production economy (Kaldor, 1985; Lavoie, 2014). The university sector, in this sense, contributes to the macroeconomic dynamics of demand, innovation, and labour market supply, but it also

mediates social norms around fairness, opportunity, and stability. One lesson we can draw from post-Keynesians on the value of higher education is how it must not be assessed through marginal productivity, but through its systemic effects on growth, equity, and social reproduction. Policy-oriented post-Keynesians (such as Galbraith, 1958) have long stressed that the evaluation of public institutions requires normative criteria: namely, improvements in distribution, well-being, and the accessibility of the "good life." Indeed, such an emphasis moves valuation from the domain of efficiency to that of ethical and collective purpose without losing out the scientific and analytical rigour.

Complementarily, Original Institutionalism provides the conceptual vocabulary to deepen this normative orientation through its Social Theory of Value (Tool, 1986). For institutionalists, valuation is not a technical act of measurement, but a social practice embedded in institutions and habits of thought. Tool (*ibid.*) proposed evaluating economic institutions according to their capacity to enhance human potential and democratic participation, distinguishing instrumental values (those oriented toward problem-solving and social betterment) from ceremonial values that preserve power, hierarchy, and exclusion (Ayres, 1962). In higher education, these tensions play out in the clash between ceremonial metrics (rankings, prestige, profitability) and instrumental aspirations (accessibility, social engagement, critical inquiry). This perspective shifts the analytical focus from "what is value?" to "how do societies perform valuation?", and "what is valuable or desirable given our current social needs?". Funding formulas, research evaluations, and labour-market indicators all embody specific moral and epistemic assumptions about what universities are for, yet not necessarily they add value or criticise hierarchical (ceremonial) structures.

Together, a realist-pragmatist agenda applied to the case of higher education can reorient both rationale and policy away from market proxies, moving closer to participatory, mission-based, and qualitative assessments – that is, measuring universities not only by their economic efficiency but by their contribution to democratic life and long-term social resilience given current societal needs.

5.3 Expertise: Who Decides on the Economics of Higher Education, and How?

Debates over the future of higher education are also debates about expertise: who has the authority to define problems, determine value, and prescribe solutions? Both post-Keynesians and Original Institutionalists reject a strict notion of the economist as "plumber" (Duflo, 2017), or the view of an objective technician applying universal laws to neutral

domains. Instead, they conceptualise economic inquiry as an institutionally and ethically situated practice, requiring reflexivity, pluralism, and democratic accountability.

For post-Keynesians, the limits of expertise stem from the nature of uncertainty. Keynes (1936 [2007]) famously distinguished risk, which is measurable, from uncertainty, which is not. In policy domains such as higher education, where technological shifts, demographic trends, and political pressures interact unpredictably, expertise must rely on *judgement* rather than prediction. The economist's task is not to forecast enrolments or graduates' wage premia, but to provide plausible narratives that help societies navigate uncertainty (Dow, 2012). Post-Keynesian realism therefore places emphasis on "open-systems reasoning," where causal mechanisms are historically contingent and outcomes are not deducible from axioms. Under such conditions, expertise involves interpretive and communicative skills, as well as contextual knowledge, offering an ability to link evidence, context, and normative vision to decide on reforms or changes in higher education.

For Original Institutionalists, economic analysis is a form of collective problem-solving that can reflect and reproduce social power (see *inter alia* Waller, 1988). Hence, experts are not external observers, but participants embedded in institutional processes of valuation and reform, which leads to knowledge as being always partial and situated, and that inquiry should be experimental, adaptive, and democratically engaged (Morgan, 2014). Rigour, therefore, is not formal, but contextual, as it will depend on whether the methods employed are appropriate to the problem at hand and accountable to the communities affected (Tool, 1986). For the case of universities, this would mean moving away from standardised systems and metrics as "good practice" and grounding these systems more within regional contexts and needs, both functionally and in terms of desired outcomes.

Overall, and particularly led by Anglo/US institutions, the governance of universities increasingly depends on "expert systems" that measure, impose hierarchies, scarcities, and create new forms of division: rankings agencies, consultancy firms, sellable impact, whose authority derives from technical expertise and the need for commodification rather than social legitimacy. A realist-pragmatist framework proposes a rethinking of this model: economists and policymakers should act as facilitators of deliberation, not guardians of truth, meaning that they should engage with more diverse forms of expertise – academic, civic, or professional – and recognise that the "value" of higher education is constructed through plural social processes, not technical optimisation towards exclusivity. Such an approach aligns with contemporary calls for epistemic democracy (Fricker, 2007; Santos, 2018), where knowledge production and evaluation are shared, contested, and reflexive.

6 Concluding Remarks

What, then, is left for economic methodology in a time of polycrisis? This article has made a case that much remains, provided we are willing to reorient economic inquiry around the realist and pragmatist commitments embedded in post-Keynesian and Original Institutionalist traditions. I argued that both schools, despite their distinct genealogies, converge on the need for an economics grounded in real processes, historical time, and ethical responsibility. By revisiting the methodological foundations of how economists understand social reality, value, and expertise, we can begin to reconstruct an ethos of inquiry that is more attuned to the evolving conditions of an uncertain, interdependent world, as well as recovering the moral and institutional dimensions of economics that have long been suppressed by formalist and technocratic habits of thought.

At its core, this agenda insists that social reality matters, and it should be brought back to the core of economic analysis (Lawson, 2025). A first core takeaway is that studying the economy is not to model a closed system of equilibria but to engage with an open, evolving social reality constituted by institutions, expectations, and conflict. A second key insight relates to the nature of valuation, as a combination of post-Keynesianism with Original Institutionalism gives us a stronger conception of value as socially constituted, materially grounded, and ethically charged, which is vital in our current challenging context where societies are facing competing priorities between profit, sustainability, and social justice. Finally, the realist-pragmatist framework redefines rigour and expertise. In an uncertain world, expertise cannot rest on the illusion of universal laws or predictive control. Instead, it must be reflexive, pluralistic, and problem-oriented, anchored in the capacity to interpret, deliberate, and act collectively under uncertainty. The economist thus becomes a participant in democratic problem-solving rather than a detached technician, and economic knowledge becomes a living, revisable tool for navigating crisis.

The case of higher education crisis seen in Anglo/US systems illustrated how this realist-pragmatist agenda can be put to work. As universities confront marketisation, austerity, and technological disruption, the question is not only how they are funded but what they are for. Viewing them through the combined lenses of post-Keynesian macro-realism and institutionalist valuation reframes them as evolving, open institutions whose worth lies in their contribution to social learning, inclusion, and long-term resilience. The exercise of revaluing higher education thus mirrors the broader task for economics itself: to move

beyond ceremonial adherence to efficiency metrics and to recover the instrumental and ethical purposes of collective life.

The methodological renewal herein proposed aims to return economics as a practice of social inquiry and imagination. A realist-pragmatist agenda invites economists to study the world as it is becoming, to deliberate on what it ought to become, and to design tools and institutions that make those futures possible. The polycrisis demands not less reflection, but better reflection; one that is capable of confronting uncertainty with humility, pluralism, and care.

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