Economics has been in a bad way, but it is beginning to get better. As the second half of the 20th century passed, the profession was increasingly dominated by methodological individualists who discounted the role of institutions to argue that social outcomes were the product of unmediated individual choice based on exogenously determined individual psychology, and the best policy is to leave individuals free to interact through unregulated markets without public regulation, public provision, and, worst of all, public taxation.

By the early years of the 21st century, this neoclassical synthesis had achieved near hegemony driving out competing approaches: historical economics, institutional economics, macroeconomics… Not even the spectacular financial meltdowns of the late 20th c. could shake the consensus: the Savings and Loan debacle, Long Term Capital Management (run by Nobel Prize winning economists Merton and Scholes), the East Asian crisis, the Ruble crisis, the Tech bubble, Enron… For a time, it seemed that even the financial crisis of 2007-9 and the worst economic collapse since the 1930s could not shake the consensus with a standard response among some of our colleagues that the crisis was somehow due to *over*regulation and should be resolved by more austerity. But times change.

Suddenly, Economics is exciting again. **RePEcT** and this symposium mark the change in Economics, and contribute by providing space to incubate a new and better Economics. The international roster of sponsoring organizations and the impressive set of speakers are measures of the constructive ferment in our profession and the desire to move beyond the logic of methodological individualism into a true social science.

This is an exciting symposium and I will not detain you unnecessarily. But, if I may, I would suggest 10 points for our emerging revolution in economic theory.

1. *The division of labor is limited by the extent of the market.* This axiom from Smith is about more than transportation costs. We are more productive when we work together, and Working together requires social institutions and this makes economics necessarily a social science. It applies to all transactions costs and gives a central role to social institutions, cultural norms of honesty and fair dealing, and political institutions like money and legal codes. All of these economic efficiency by facilitating the division of labor.

2. *Social Facts.* Replacing methodological individualism means appreciating the autonomy role of institutions, including political and cultural structures, social facts prior to the individual, external to the individual, and, to quote Durkheim, "invested with a coercive power by virtue of which they exercise control over" the individual. Again quoting Durkheim: We need to study "social facts as *things*"
3. *History and politics.* Within the neoclassical model, economic development has been the product of universal laws, with development running equally well forward or backwards in time. Once we recognize the importance of institutions as independent of the wishes of individuals, history is central to economic analysis.
4. *Rules of thumb and cultural norms.* For decades, behavioral economists have demonstrated the inability of the Orthodox neoclassical model to explain behavior and the importance of rules of thumb. These rules of thumb are maintained by cultural and political conventions, institutions with a history and politics.
5. *Asymmetric information.* Since Arrow and Akerloff, among others, even the most Orthodox of economists have given lip service, if no more, to market inefficiency coming from asymmetric information. Cultural norms and social institutions shape the distribution of information. To understand the role of information asymmetries, economists need to incorporate these into their research projects.
6. *Power and distribution*. Assuming that gains in efficiency can always compensate losers, the Orthodox have focused on efficiency to the exclusion of concerns over distribution. Recognizing the role of history and institutions, there is no reason to accept that any such compensation will occur. Distribution, then, is a matter of politics and social choice.
7. *Incomplete contracts and the labor process and monopsony.* The Orthodox model treats the labor process as equivalent to other commodity exchanges: money given for a defined amount of work with fairness insured by competitive markets. This applies to almost no labor exchanges because in actual exchange is an unknown quantity of work given over a time, and contracts extend over long periods of time, even decades. This gives workers the opportunity to provide less labor than expected by the employer, and employers have a monopsony relative to their workers.
8. *The economy is about more than the market and that's why gender matters.* There is an entire sphere of economic activity conducted outside markets, through

command within families and communities. Without the work done within families to raise children and care for workers, the human race would literally die out in a generation. Little of this exchange is done through the marketplace. Instead, this vital work is governed by social norms of behavior.

9. *Time and uncertainty.* Within the model of efficient capital markets, economists have argued that financial market regulation must reduce efficiency, perhaps even leading to macroeconomic crises. Recognizing the role of uncertainty, inherent in considering future prospects, many now appreciate the vital role of institutions in restraining malfeasance, and shaping opinion and judgments about future prospects so that exchanges over time can happen.

10. *The Commons.* Instead of the isolated individual whose actions only shape him or herself, climate catastrophe has exposed to even the most narrowminded economist the interrelation of all of us, and all things. Externalities have been shunted to the side, special cases in Orthodox microeconomic models. Social scientists are putting them front and center where they belong.

I could go on and on, as I do in my microeconomics textbook and elsewhere. But for here, I only want to introduce a few topics, raise the banner for rethinking economics, and the revolution in economic theory. I will now leave you to the Symposium participants who will advance the cause. *En avant!*

With best wishes,
President of Symposium,
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