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Transformations

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Abstract

Transformation is key term in the broader study of socio-economic provisioning system that has gained increased prominence and visibility in recent years due to intensifying economic, social and ecological risks and crises in the global economy. In this short review we assess key understandings of transformation in the recent literature and map how these understandings build on, extend and potentially deviate from classic accounts of socio-economic change as found classic accounts of evolutionary institutionalism.

Keywords: development, economic evolution, social change, transition, disruption

1 Introduction

Transformation increasingly permeates both academic and societal discourse today. Recent global crises—from the COVID-19 pandemic or escalating climate change impacts to rising socio-economic inequalities—have exposed the limitations of existing institutional and economic arrangements in various ways, underscoring the urgency for more fundamental systemic change. This growing recognition of interconnected social, economic, and ecological crises has led policymakers, activists, and scholars alike to call for transformative responses.

Given its pragmatic roots and its focus on socio-economic change, Evolutionary and Institutional Economics (EIE) has always been concerned with addressing society's practical problems in a way that facilitates social progress. These contemporary crises undoubtedly constitute such problems, making it both appropriate and timely to examine what EIE can contribute to current debates about the necessity for profound economic and social transformations, which constitutes the central purpose of this paper.

However, this endeavor is complicated by terminological ambiguities. Above all, EIE scholars have consistently conceptualized human societies as dynamic systems that evolve over time, shaped by the interplay of technology, property, cultural practices and other institutional configurations. In this spirit, EIE always placed the dynamics and change of economies and societies at the center of their analysis. Static analysis, characteristic of neoclassical economics, has never been a primary concern for institutionalists. While this evolutionary perspective suggests that EIE has much to offer for transformation studies, it also raises the question of whether and how 'transformation' conceptually differs from the broader notions of change and evolution that have long been central to institutionalist thought.

A closer examination of existing literature reveals that a clear-cut distinction between 'change' and 'transformation' is not uniformly established within institutional economics. Different scholars employ these terms in varying ways, with significant overlap and disagreement. Moreover, while many EIE contributions address phenomena that would today be labeled as transformations, "transformation" itself has not been a frequently used or explicitly theorized term within the tradition. In this regard, institutionalism differs from fields such as transition studies and sustainability science, which actively harness the term 'transformation' as a key conceptual cornerstone to actively distinguish between incremental change, systemic transition, and profound transformations (without fully resolving related conceptual ambiguities; see already Dolata 2011) (without fully resolving related conceptual ambiguities; see already Dolata 2011; Markard, Raven, and Truffer 2012).

Despite this terminological complexity, this paper demonstrates that EIE can produce substantial insights that could inform contemporary debates on changing our socio-economic provisioning systems to better align with both, human needs as well as planetary boundaries. To this end, we proceed as follows: First, we provide a historical overview of how transformation-related concepts have emerged in EIE scholarship, examining key theoretical contributions even where they did not explicitly use the term "transformation." Second, we highlight three crucial theoretical debates within EIE that relate to different but equally important aspects of

transformation processes. Finally, we explore how EIE perspectives can inform and enrich contemporary transformation debates across various domains.

2 Historical Foundations of Institutional Perspectives on Transformation¹

This section examines foundational contributions of key thinkers associated with EIE, tracing their understanding of transformation processes while critically analyzing the limitations and tensions within their frameworks. Four major traditions emerge up to today: Veblen's evolutionary institutionalism, Commons' pragmatist reformism, Ayres' technological progressivism, and the radical institutionalist critique that emerged from the 1960s onwards.

2.1 The Evolutionary Foundation: Thorstein Veblen

Veblen's revolutionary contribution was to propose an economics research program that puts institutions at center stage and subscribes to an evolutionary methodology. For Veblen, institutions are “habits of thought” (e.g., Veblen 1906, p. 592) that evolve through a process characterized by both inertia and adaptation. This evolutionary perspective on transformation emphasizes that the scope for adaption is always constrained by long-term cumulative causation as past institutional arrangements and their associated ceremonial dominance shape present possibilities for change (see also Gräbner-Radkowsch and Kapeller 2024a).² It also transcends the micro-macro distinction common to many earlier (and later) approaches by subscribing to a truly systemist philosophy that takes both top-down and bottom-up mechanisms seriously (see Gräbner-Radkowsch and Kapeller 2024b for more details on systemism).

One important entry point for studying transformations from a Veblenian view is his work on ‘institutional adjustment lag’ and ‘imbecile institutions’ that can motivate the need for profound transformations in the first place (e.g., Veblen 1899). The institutional adjustment lag describes the tendency for institutions to persist long after the technological and material conditions that originally justified them have changed, eventually becoming imbecile institutions that obstruct economic efficiency and impede social progress.

The presence of imbecile institutions can fragment knowledge systems and hinder adaptive change, as seen in business practices focused on profit maximization through deliberate restriction of productive capacity ('sabotage'), property rights that enable absentee ownership and associated rents without productive contribution, as well as patterns of conspicuous consumption that divert resources from more productive uses. Clarence Ayres later expanded on Veblen's analysis, emphasizing the evolutionary conflict between technological innovation and institutional inertia (see below). Important in this context is also Veblen's distinction between ceremonial and instrumental functions of institutions, which has been central to many interpretations of Veblen's

¹ The following section partly builds on Gräbner-Radkowsch (Forthcoming).

² This echoes Marx's claim that “Men make their own history, but [...] they do not make it under circumstances chosen by themselves” (Marx 2021 p. 9). Still, Veblen struggled with Marx's conception of individual agency (e.g., Veblen 1907 p. 308).

framework: While ceremonial institutions conserve and perpetuate existing power structures and cultural practices, instrumental institutions may arise under the pressure to facilitate technological and social progress.³

Also central to a Veblenian view of transformation is its focus on power and conflict. Veblen sought to demonstrate that dominant groups often maintain institutional inertia through what he termed “vested interests” (e.g., Veblen 1919, chpt. 5): those who benefit from existing arrangements may actively resist changes that would threaten their privileged position. These vested interests often wield significant economic and political influence, often through ceremonial institutions, enabling them to systematically obstruct institutional adaptation, even if such changes would enhance economic efficiency and social welfare. Thus, for Veblen, transformation is not simply a matter of recognizing and enacting superior alternatives, but requires overcoming entrenched power structures with a material stake in preserving dysfunctional institutions (e.g., Veblen 1919). This power-centered analysis influenced later institutional economists who challenged the assumption that transformations must take the form of reforms that are gradual and consensual (see Section 2.4).

2.2 The Pragmatist Contribution: John R. Commons

While pragmatist philosophy has been fundamental to EIE as a whole, John R. Commons’ work stands out by providing a specific interpretation of pragmatism as a foundation for political practice that inspired many upcoming generations of institutionalists. As an economist engaged in applied question he held a series of political positions and was considered “one of the most influential economists of the twentieth century” (Hodgson 2004, p. 285). In a nutshell, Commons’ recipe emphasized democratic experimentation and peaceful reform. Drawing from Dewey’s philosophy of “learning through doing,” (Dewey 2004[1916]) Commons developed a framework for transformation based on collective action and the evolution of working rules (e.g., Commons 1934a). His methodology prioritized problem-solving over theoretical abstraction, viewing transformation as emerging through continuous negotiation and adaptation.

The cornerstone of Commons’ approach is the “reasonable value principle” (see, e.g., Whalen 2022), which posits that economic values emerge through collective bargaining processes where conflicting interests negotiate toward mutually acceptable outcomes, assuming that such democratic deliberation can resolve most economic conflicts. This principle informed his analysis of institutional evolution through patterns of conflict, dependence, and order. Transformation occurs as collective action shapes and reshapes formal regulation and informal rules governing economic transactions, creating new institutional arrangements to address social problems. Yet, the transformation advocated by Commons was not one recommending fundamental and systemic change. Rather, he was committed to “to save Capitalism by making it good” (Commons 1934b, p. 143).

³ It is important to stress, however, that not only has the interpretation of this distinction as a strict ontological dichotomy been criticized for creating a problematic dualism that oversimplifies the complex interplay between tradition and innovation (e.g., Powell 2023), it has also been shown that Veblen did not meant to develop this into an ontological distinction as suggested, for instance, by Calrence Ayres, but rather used it as a temporary analytical distinction (e.g., Waller 2022).

Commons' practical applications as a pioneer of the study and practice of industrial relations demonstrate his commitment to incremental, experimental reform. He served in notable government positions including member of the Wisconsin Industrial Commission (1911-1913), the U.S. Commission on Industrial Relations (1913-1915), and the Wisconsin Minimum Wage Board (1919-1945). Working closely with Robert M. La Follette, Commons drafted pioneering legislation including the Wisconsin Civil Service Law (1905), the Public Utilities Law (1907), and workplace safety regulations. His greatest achievement was Wisconsin's workers' compensation program (1911)—among the first comprehensive programs in the United States—followed by the state's unemployment compensation system (1932), which he had championed for over a decade. These reforms embodied the Wisconsin Idea's principle of university expertise serving public policy. His students Edwin Witte and Arthur Altmeyer later helped design the Social Security system, extending Commons' influence to national policymaking. However, these achievements also reveal the limitations of his framework (see also Powell 2025).

First of all, his conception of 'reasonableness' appears to be culturally biased, systematically excluding marginalized groups including women and people of color from bargaining processes. A second and related observation is that Commons' approach rests on what Powell (2025) identifies as a "liberal myth"—the assumption that capitalism's baseline is peaceful, with only revolutionaries introducing violence. This myth ignores the foundational violence of capitalist systems, from slavery's role in capital accumulation to mass incarceration's function in maintaining neoliberalism. As postcolonial scholars like Fanon observed, colonialism "is violence in its natural state, and it will only yield when confronted with greater violence" (Fanon 1963, p. 61). This challenges Commons' faith in reasonable compromise.

Thirdly, Commons' pluralist understanding of power failed to recognize hegemonic control mechanisms that constrain transformation possibilities and which are at the center of radical institutionalist work (see below). More precisely, Commons was committed to a classical pluralist power theory (Powell 2025), focusing on overt conflicts and proportional representation, but in doing so he missed how power operates through shaping consensus itself (see also the second and third type of power in Lukes's (2021[1974]) famous classification). In effect, what appears 'reasonable' is determined by capitalist logic, making subversive alternatives appear unreasonable by definition. The axiology of reasonable value thus precludes systemic transformation by defining what 'works' within existing power structures while eliminating possibilities for changing those structures themselves (Powell 2025).

In effect, these omissions lead to Commons' framework restricting transformation to incremental adjustments within existing capitalist structures, precluding systemic transformation by definition, making it difficult to align his work with contemporary discourses on socio-ecological transformations. However, some scholars argue that Commons' incrementalist approach, while limited, provided a pragmatic pathway for meaningful reform within democratic constraints. Kaufman (2003), for instance, demonstrates how Commons' institutional theory of economic organization, centered on transactions and bounded rationality, offered valuable inspirations for how collective action could reshape economic institutions, and that Commons' emphasis on organized cooperation laid groundwork for more transformative institutional changes that followed.

2.3 Technology and Cultural Lag: Clarence E. Ayres

Clarence Ayres was one of the most influential institutionalist scholars of the 20th century, shaping what is often called the Veblen-Ayres tradition in institutionalist economics, although it follows Ayres' arguments more closely than Veblen's views. He also developed a theory of transformation centered on the distinction between progressive technology and ceremonial institutional restraints. This approach positions technological innovation as the primary driver of institutional adaptation, with institutions struggling to keep pace with technological advancement. This 'cultural lag' creates pressure for institutional transformation, depending on the balance between progressive and regressive institutional patterns. Central to this approach is what Ayres termed the "Veblenian Dichotomy" contrasting institutions versus technology—though later scholarship has shown that this analytical tool cannot be directly traced to Veblen's original writings but rather represents Ayres' own intellectual innovation (Hodgson 2004, chpt. 17; Waller 2022). However, Ayres' followers refined his distinction into the ceremonial/instrumental dichotomy, which was mainly developed through contributions from J. F. Foster, Mark Tool, and Paul D. Bush. It distinguishes between patterns that resist change (ceremonial) and those promoting adaptation (instrumental) and represented a move back to Veblen's original ideas instead of Ayres reformulation (Hodgson 2004, p. 376-378). Ceremonial institutions reflect past values and power structures, impeding progress, while instrumental institutions embody scientific method and technological rationality. Ayres and his followers advocated institutional reconstruction guided by the instrumental value principle, believing transformation occurred through spreading scientific attitudes and democratic values.

Recent work by radical institutionalists has identified at least four problematic assumptions underlying the Ayresian commitment to incrementalism and the instrumental value principle (Powell 2025). First, like Commons, Ayres embraced the liberal myth equating reform with peaceful consensus and revolution with violent conflict, failing to factor in capitalism's structural violence into his normative considerations. Second, citing complex interdependence to justify a preference for incremental change based on acknowledging unintended consequences can prohibit large-scale transformations even when they were necessary — a stance that Waller (1992) criticized as a "ceremonial preconception favoring small changes over large" (p. 10). Third, the argument that humans as "habit creatures" make all revolutions inevitable failures is a bold generalization that ignores both, revolutionary successes as well as how historically contingent factors and dynamics may shape revolutionary outcomes. Fourth, the more linear teleological view of technological progress stands in some tension to the evolutionary ontology that Ayres claimed to embrace.

Based on these four erroneous justifications, the Veblen -Ayres tradition focuses on incremental changes alone. In this way, Ayres' framework created a somewhat dubious dualism that elevated academics to technocratic roles while excluding more radical alternatives. In contrast to Commons' focus on democratic transformation, the instrumental value principle, despite claims of universality, embeds particular Western scientific values that imply the top-down imposition technocratic solutions. Also, the strong incrementalism that is associated with Ayres' work appears to be especially difficult to align with a more ambitious transformational perspective. Still, institutionalists in the Ayres tradition developed important analytical concepts, such as the idea of "ceremonial

encapsulation” (Bush 1987) to better describe the nuances of institutional inertia and ceremonial dominance, which continue to be of great practical use when it comes to an institutionalist theory of transformations.

2.4 Critical Perspectives: Radical Institutionalism

Radical institutionalism emerged in the 1960s-1980s as a response to the limitations of earlier institutional approaches to transformation and change (e.g., Dugger and Sherman 1994; Dugger and Waller 1996; Waller 2022). Influenced by civil rights movements, Vietnam protests, and environmental activism, scholars like William Dugger and William Waller, criticized the reformist constraints of Commons and the technological determinism of Ayres. Their radical institutionalism seeks to “enhance the inclusive, participatory character of our social processes in order to transform our society into a democratic and humane one.” (Waller 1992, p. 9). This brings this branch of institutionalism closer to Marxism than other schools, while retaining the coining interest of EIE in how social change proceeds and how social progress might be facilitated.

An important conceptual cornerstone of radical institutionalism is Gramsci’s concept of hegemony and its implications for understanding power and transformation. Unlike classical theories of power, such as pluralist ones that view power as merely distributive, Gramscian hegemonic analysis reveals how economic institutions capture and dominate all other institutional clusters and how power operates through cultural and ideological mechanisms, making the worldview of the ruling class appear natural, inevitable, and beneficial to all. This understanding transforms the analysis of change into what Gramsci termed a “war of position,” – a prolonged struggle to build alternative cultural and ideological foundations that can eventually challenge dominant power structures (Gramsci 1971) – requiring sustained counter-hegemonic practices rather than simple policy reforms (Gramsci 1971; Lukes 2021).

While this notion of hegemony aligns well with Veblen’s views in ceremonial dominance and the public influence of vested interests, radical institutionalists also drew directly on Veblen’s radical critique of predatory business practices and the ‘kept classes’ who maintain existing power structures. On this basis, radical institutionalists developed analytical frameworks that reject the simplistic dualism between gradual, reformist and fundamental, revolutionary change in favor of a more continuous understanding of socio-economic transformations. They recognized that ‘ceremonial encapsulation’ accurately describes how dominant institutions neutralize transformative potential but questioned whether and to what extent ceremonial and instrumental functions could be meaningfully separated (e.g., Powell 2023). Nonetheless, while earlier institutionalists had often domesticated Veblen’s analysis into more formal reform proposals, a main contribution of radical institutionalists has been to recover his fundamental critique of capitalist institutions and assign the latter a stronger role in theorizing social change.

The radical institutionalist project of challenging hegemonic power structures inevitably led scholars to examine how these same structures operate on a global scale through colonialism and imperialism. Thus, the integration of postcolonial perspectives of scholars such as West (1982) or Fanon (1963) represents a more recent crucial development in radical institutionalist thought (Powell 2025). Both traditions reject Western ethnocentrism and Cartesian dualisms separating culture from politics, reform from revolution. Critically, they recognize violence as

inherent to capitalist systems rather than an aberration introduced by revolutionaries. Also, a hegemonic view of power is essential for both traditions.

The radical institutionalist synthesis offers a non-dualistic framework where both reform and revolution are theorized without predetermined preferences and from a global perspective. As Powell (2025) emphasizes, "the means should be determined by the nature and scale of the problem and the ends should be determined by people." Radical institutionalism rejects the technocratic role assumed by earlier institutionalists, recognizing that academics should analyze transformation possibilities rather than prescribing specific outcomes. A hegemonic understanding of power becomes essential for accurately identifying problem scale, while rejecting dualism allows consideration of the full range of transformative means—from incremental policy changes to revolutionary structural transformation. Thus, radical institutionalism finds itself closer to contemporary discourses on systemic transformations such as degrowth than more incrementalist views such as green growth—reflecting its fundamental premise that the scale of the problem dictates the means and strategies to address contemporary crises.

2.5 Summary

The historical development of institutional perspectives on transformation—from Veblen's evolutionary institutionalism through Commons' pragmatist reformism, Ayres' technological progressivism, to radical institutionalism—reveals persistent tensions that directly inform contemporary transformation theory. All traditions share a process orientation and evolutionary thinking, viewing transformation as continuous rather than discrete. Similarly, all approaches posit institutions at center stage, when it comes to theorizing change – both, as a means for achieving progress, but also as a potential constraint to transformation. Crucially, this evolutionary perspective distinguishes EIE from approaches that treat transformation as discrete events or purely technical challenges, instead emphasizing the institutional foundations – and associated power struggles – relevant for transformative change. In this context, some fundamental disagreements persist about the nature of change, the role of power, and the possibility of radical transformation within existing systems.

The reform versus revolution debate appears as a false dichotomy from a contemporary perspective, yet remains relevant for understanding constraints on transformation. Different theories of power—pluralist as in Commons versus hegemonic as in the radical institutionalism, which recognizes how power operates through cultural and ideological mechanisms—continue to shape how scholars analyze transformation possibilities. Similarly, debates about universal versus culturally specific value principles reflect ongoing struggles over the nature of knowledge and expertise in transformation processes.

Contemporary transformation challenges—climate crisis, technological disruption, global inequality or geopolitical instability—demonstrate the ongoing relevance of these historical debates. The climate crisis, for instance, reveals how institutional inertia can obstruct necessary transformation despite technological solutions, illustrating Veblen's concept of 'imbecile institutions' that persist beyond their functional relevance while demonstrating the limitations of both Commons' faith in reasonable compromise and Ayres' technological optimism. Building on these foundational insights, contemporary institutional theory has developed more sophisticated frameworks for analyzing transformation processes that attempt to move beyond the

reform/revolution dichotomy while maintaining critical awareness of power structures and cultural specificity. The integration of postcolonial perspectives, feminist analysis, and ecological thinking represents efforts to transcend the limitations of earlier approaches while preserving their insights about the evolutionary nature of institutional change. The following section illustrates the relationship of this apparatus to other contemporary transformation discourses.

3 Contemporary Applications: Transformation Pathways

Given the multiple and mutually reinforcing crisis phenomena of contemporary capitalism, socio-ecological transformations appear inevitable to avoid cascading effects of an unstructured institutional collapse. Yet there are several conflicting pathways of distinct responses to the socio-ecological crises of our time, each shaped by different assumptions about institutions, power, and the dynamics of change. In this section we follow the established differentiation between “green growth”, “just transition”, “degrowth/post-growth”, and “eco-socialism” (Wiedmann et al. 2020; Wilgosh, Sorman, and Barcena 2022) to illustrate how EIE could contribute to, and learn from the respective discourses.

3.1 Green Growth

Green growth seeks environmental sustainability through technological innovation and market mechanisms without questioning the adequateness of the capitalist system (e.g., World Bank 2012). While this creates some conceptual analogy to Commons’ and Ayres’ approach, that prioritizes incremental reforms over radical transformation, it should not be overlooked that the technical implications of green growth often imply the complete reconfiguration of existing provisioning systems (e.g., in housing, industry, energy provision) coming with massive investment requirements. From an EIE view, this approach faces less problems when it comes to the relatedness of its reform proposals to contemporary institutions, meaning that it appears to be easier to effectuate. However, the EIE-lense indicates that the technological imperatives are not effective as imbecile institutions in the form of financial sector firms, vested business and political interests and market mechanisms (e.g. in context of carbon pricing) do often resist or constrain the more radical implications arising from technocratic analysis. Hence, these ceremonial institutions make it difficult to deliver changes profound enough to avoid environmental disaster and address systemic inequalities, which strongly resonates with the approaches laid out in the preceding section. Moreover, it points to a strong internal tension within the green growth paradigm, where, in Veblen’s terms, ‘pecuniary’ and ‘industrial’ logics of action collide.

In some sense, it also appears questionable whether the political practice of green growth – particularly the attempt to push green growth policies in international negotiations – truly reflects Commons’ reasonable value principle, as many countries that are affected by environmental and social crises appear to be given insufficient bargaining power in global climate debates because the power *in* these negotiations reflects existing power structures *outside* these negotiations. The exclusion of these countries also reflects what radical institutionalists identify as hegemonic constraints: what appears ‘reasonable’ is predetermined by capitalist logic, making truly transformative alternatives appear economically irrational by definition.

At the same time, given the practical relevance of path dependence and the need for changes to be sufficiently relatable to existing institutions in order to be practically feasible, the pathway of green growth will continue to be relevant. Moreover, the efficacy of more market-based institutional mechanisms aligned with green growth pathways – such as carbon taxes, penalties for fossil assets, or carbon border adjustment measures – strongly depends on their specific design, including, for instance, the precise determination of a “carbon price”. A similarly crucial question is whether and to what extent technological imperatives to fundamentally restructure existing provisioning systems are taken seriously. An EIE perspective on the strengths and weaknesses of green growth pathways could help to maximize the progressive impact it might have.

3.2 Just Transition

The just transition pathway, first brought up in the labor movement in the 1970 (Wilgosh, Sorman, and Barcena 2022), emphasizes the need for a socially equitable shift to sustainable economies ensuring that workers and marginalized communities are not left behind (ILO 2015; McCauley and Heffron 2018). In some sense, this approach attempts to transcend Commons’ exclusionary bargaining by explicitly including marginalized voices into the bargaining process, although just transition approaches typically focus more on domestic economies than aspects of international stratification.

From a Gramscian perspective, just transition initiatives represent potential sites for “war of position”—building counter-hegemonic consciousness through concrete struggles that connect social and ecological justice.

However, just as in the case of green growth, ceremonial encapsulation threatens to neutralize this transformative potential when corporations adopt justice language while preserving exploitative practices, or when transition programs reinforce rather than challenge existing power asymmetries, especially in a Global South vs. Global North context (e.g., Wilgosh, Sorman, and Barcena 2022).

The framework's emphasis on democratic experimentation resonates with pragmatist methodology, but radical institutionalist analysis reveals that powerful actors and their vested interests might still shape the parameters of acceptable change, e.g. defining what constitutes a “just” transition in the first place, potentially limiting reforms to those compatible with currently dominant groups’ interests. And while some interpretations still tend to stabilize imbecile institutional arrangements for the immediate sake of workers in the Global North (e.g. by securing jobs in the automotive industry in countries such as Germany), the concept could benefit from creative applications of institutional bricolage, e.g., by combining worker protections with community ownership and ecological restoration to create new institutional configurations that gradually expand transformative potential.

3.3 Degrowth and Post-Growth

Degrowth/post-growth paradigms fundamentally question growth-oriented economic systems, prioritizing well-being within ecological limits (for an overview see, e.g., Kallis et al. 2025; for the related field of sufficiency see, e.g., Wiese et al. 2022). Although Veblen’s observations on technological change are not fully compatible with the sometimes simplistic mapping between economic growth and increasing environmental damage, this radical approach aligns with Veblen’s radical critique of capitalism and its ‘imbecile institutions’ that persist despite evident dysfunction. While there is little explicit consideration of Veblen and EIE by degrowth scholars, some

concepts such as ‘fossil mentalities’ (e.g., Schmelzer and Büttner 2024) clearly parallel their work on imbecile institutions and conspicuous consumption and pecuniary emulation, suggesting these discourses unconsciously reinvent classical institutional insights and a closer exchange between these discourses seems warranted.

Thus, it is not surprising that degrowth appears most compatible with radical institutionalism, calling explicitly into question the prospect of reformist approaches such as Commons’ and Ayres’ ones. Critically, degrowth directly challenges numerous vested interests, from fossil fuel industries to growth-dependent financial systems. It appears more sensitive to the potential thread of ceremonial encapsulation of purely technical solutions, and unlike green growth’s compatibility with existing power structures, degrowth requires confronting what Veblen identified as the fundamental tension between community welfare and business interests—a confrontation that dominant institutions actively resist through both ceremonial encapsulation and direct opposition.

At the same time, this comes with the danger that not only the strong opposition to vested interests, but also the institutional and cognitive distance to the status quo might prevent the aspired change from actually happening at all, or at least in the required speed. Thus, it appears that the degrowth discourse could benefit from a closer consideration of institutionalist concepts that could improve practical and pragmatic implementation of degrowth policies.

3.4 Eco-Socialism

Eco-socialism envisions a radical transformation of economic and social systems to achieve ecological sustainability and social justice, presenting itself as a systemic alternative to growth-oriented capitalism.

Advocates such as Kohei Sato, Clive Spash and Andreas Malm, while using different terminologies of “degrowth communism” (Saitō 2022), “social ecological economics” (Spash 2024) or “fossil capital” (Malm 2016) argue that the intertwined crises of climate change, inequality, and ecological degradation cannot be resolved within capitalist frameworks, which prioritize profit over collective well-being.

From an EIE perspective, eco-socialism aligns most closely with radical institutionalism’s critique of hegemonic power structures and incorporates Veblen’s focus on cultural conflict and institutional adaptation. The approach seeks to dismantle ceremonial institutions rooted in capitalist exploitation—such as private ownership of key resources and fossil fuel dependency—and replace them with instrumental institutions that prioritize collective ownership, democratic planning, and ecological stewardship. It emphasizes the role of the state in driving systemic change, advocating for a planned economy that integrates social and ecological goals. This aligns with emerging planning debates (e.g., Rikap 2021), stressing the need for democratic and participatory planning as a counter measure against the concentration of power in global (techno)-capitalism.

From an evolutionary perspective, eco-socialism stands for a (r)evolutionary process that challenges hegemonic power structures of the contemporary capitalist mode of production and creates new institutional arrangements. This way eco-socialist planning approaches are much in line with the arguments of radical institutionalists, and complementary to Veblen’s analysis of the cultural conflict between vested business interests and technological advancement. Still, similarly to what has been said about degrowth, the practical feasibility of the eco-socialist

ideas remains uncertain and its reliance on state-led planning risks over-centralization and may struggle to balance top-down decision-making with grassroots participation.

4 Conclusion

The previous section was not meant to rank the four transformation pathways regarding their desirability, but rather to highlight potential areas for constructive dialogue between EIE and these transformation discourses. It appears to us that the conceptual apparatus of EIE can make viable and important contributions to all of the four discourses. Similarly, we are convinced, that EIE would benefit from a more active engagement with these discourses and institutional pathways associated with them, that address the topic of “transformation” in a more explicit way than EIE scholars have done in the past.

Relatedly, the fact that EIE comprises (at least) three different general approaches to the topic ‘transformation’, and that each of these schools appears more compatible with a different transformation pathway is neither a coincidence nor a calamity. Rather, this heterogeneity reflects the fundamental complexity of the overall topic at hand. Coming up with a uniform and unambiguous approach to transformations appears unrealistic.

Most probably, successful transformation endeavors necessarily contain elements of each of the pathways discussed above. Hence, we would also expect EIE to retain a certain internal heterogeneity when it comes to this intricate issue as in the face of transformation as a “very complex and continually changing subject” the existence of a plurality of approaches to socio-ecological transformation “might not only be an obvious fact but also a necessary and desirable phenomenon” paraphrasing Kurt Rotschild (1999, p. 5),

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Conflict of Interest

The authors declare the absence of any conflict of interests.

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