

*Planners and Participants:
The Social Construction of Efficient Market Economies*

Kevin Simmt

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Long established in the literature, markets have institutional prerequisites — in both their origins and maintenance. Less studied, however, are their ideational prerequisites. In this paper, I consider the ideas required of key actors such that an economy might come to exist that is (i) market-oriented and (ii) efficient. This “ideas-focus” is not to the exclusion of studying institutions, as institutions inform the effect of ideas; namely, which ideas have a positive effect upon the economy’s efficiency and/or market-orientation.

In this paper, two types of economic actors are identified: participants (i.e., individuals who engage in decentralized transactions) and planners (i.e., individuals who engage in the centralized allocation of resources). For an efficient market economy to be reified, each actor will be shown to carry a set of (seemingly) contradictory beliefs. Their beliefs are crucial for actors to: (i) choose to use markets as the organizational principle of their economic activities; (ii) provide for their core institutions; and (iii) behave in ways that make the market-engine function with dynamic efficiency. To do accomplish demonstrating the role of beliefs in creating an economy that is both efficient and market-oriented, I proceed in four steps:

- (a) I establish two “hard facts” concerning the operation of markets;
- (b) Then I consider two types of actors (planners and participants);
- (c) Finally, I consider how each type of actor relates to the “hard facts” of the market, in order to explain the beliefs required of them for the market to come about and be efficient;
- (d) I note how the different possible belief systems that actors *could* have, would each be responsible for different, corresponding, “category” of economic system; more surprisingly, different belief systems affect levels of efficiency, not merely across, but also within each “category.”

I. Building a Prerequisite “Belief Set” upon “Hard Facts” about the Market’s Institutions

Any market economy must be underpinned, not only by institutions, but by ideas as well. The ideas that matter (and how they matter), however, is not isolated from the particular mechanics of these institutions. Hence, understanding the basic operating principles of markets will prove crucial to understanding the belief structures basic to their operations.

A. Market failures vs. Failures of the market

I categorize two manners in which markets fail: first, through *market failures*; second, through *failures of the market*. Each will be described in turn.

1. Define *market failures*

Market failure has a long tradition in the public economics literature (e.g., Lanchester & Lipsey, 1956; Gillman, 1999; Coase, 1960; Kahn 1966). Market failure occurs when individually rational (decentralized) transactions aggregate upwards into a collectively inefficient result. The unit of

analysis is the transaction¹. Efficiency, within this public economics tradition, is the maximization of public profits upon a fixed investment (Jones, 1991).

In such instances, government can redress market inefficiencies in a piecemeal manner. The market, as a whole, remains intact, but ‘patches’ are applied to the particular transactions marked by market failure vis-a-vis government regulation. Government redress occurs on a sector-by-sector basis through ad hoc solutions.

Redressing market failures can be seen as pursuing ‘sectoral’ efficiency (i.e., you increase the efficiency of a ‘sector’ within the broader economy). An assumption of public economics is that acquiring sectoral efficiencies will aggregate upwards into a holistic efficiency (i.e., of the economy as a whole).

Crucially, market failure assumes a market-oriented economy, in which select transactions are marked by a failure of the price mechanism to bring about socially optimal levels of production. As such, market failure occurs amongst decentralized transactions occurring *within* the market economy, whereby inefficient outcomes arise due to failures in the price mechanism (including externalities, market power, asymmetric information, public goods, etc).

In a society that uses the market (i.e., decentralized transaction) as the default mode of organizing economic production, market failures provide economic justification for “exceptions to the rule;” namely, a role of government in the market. In such cases — of market transactions marred by a particular type of failure — we must consider whether government intervention (albeit with inefficiencies of its own) will reduce the economy’s inefficiency overall. Thus, government may be justified (in terms of economic efficiency) to involve itself in particular transactions occurring *within* the market.

2. Define *failures of the market*

For the most part, however, this paper is concerned with a distinct (albeit related) concept: *failures of the market*. When public economists assess market failures, their findings offer technical solutions to problems occurring *within* markets. In contrast, failures of the market are systemic to the market system; hence, they are *of* the market. Failures of the market create inefficiencies that cut across any market economy that (hypothetically) might exist. If a government successfully redresses them, then we might attain what I call a ‘holistic efficiency’ (i.e., you increase the efficiency of the economic system as a whole).

Failures of the market arise because (i) markets have prerequisite institutions that must be paid for; and (ii) markets do not, by themselves, contain a mechanism to draw funds out of their

¹ Externalities provide an example. They occur when individually efficient transactions place a cost upon third parties (e.g., the buying and selling of gasoline is efficient to the motorist and gas station, but the consequent pollution has a ‘price’ that is paid by society).

constituent units (let alone to do so efficiently). In a sense, a society must pay for the market and, in turn, the market provides the organizational principles of that society's economy. This, however, creates a circumstance whereby the costs of the market can be paid in relatively efficient vs. inefficient manners (Ankarloo, 2002).

This paper shifts focus somewhat away from market failure, in order to consider the expense of providing and maintaining a society with the market's prerequisite institutions. These basic institutions are not specific to any one particular transaction but, rather, are of a public goods nature and, thus, depends upon centralized authority to raise the funds necessary to provide them. This will require taxation and, thus, implicate inefficiencies across the economy. Herein, inefficiencies are not simply "of government," but of the market itself. In this manner, the myth of the free market is made clear both literally and figuratively: literally, it does cost money to operate a market economy; and figuratively, a centralized authority — with fiat powers — is a prerequisite to the operation of a market economy.

In short, a tool is required to pay for the costs of using markets as society's organizing principle of the economy. This implies inefficiencies upon economic transaction, thus my term, "failures of the market." An effective government might plan where to assign these inefficiencies *of* the market, so as to minimize the negative effects overall: a concept I term "planned inefficiency," to which I shall come back later.

B. Beliefs of Market Actors: Participants and Planners

Beliefs are held by individuals, thus leading to an obvious starting point for this section: to explain the important types of actors that exist in a market economy, so as to then describe what beliefs they must hold.

1. Define market actors

Briefly, I will explain the two types of actors necessary for the existence of a market-economy. A "market-economy" exists when the *default choice* of economic production is decentralized transaction, rather than centralized. This is not, however, to say no centralized transactions occur (for all the reasons listed above). The burden of proof, rather, requires proponents of government intervention upon the market to prove superior efficiency, rather than the other way round.

a) Participants:

In terms of function, participants engage in *decentralized* transactions, i.e., market exchange. They include workers and entrepreneurs, but can also be scaled to consider firms. Participants *arrange individual exchanges* based upon their preference sets and, thus, constitute the parts of a market-system. Their behaviour generates an upward-causation whereby individual, erratic, preferences come to form equilibrium prices (from which profits, wages, rates of return, etc. are established).

b) Planners:

Planners, in contrast, engage in *centralized* transactions. They include political leaders and civil servants, but can also be scaled to consider governing bodies such as departments/ministries of government. Such actors may use *powers of fiat* to distribute resources centrally and may act to change the rule structure of the economy, thus effecting a downward causation (of sorts) upon all the individual transactions constituting the economy — i.e., all its participants (parts). Hence, the parts are implicated by enactments of policy (such as tax rates on wages or profits), which, in turn, affects an economy's actors and, then, the economy as a whole

2. Define Belief Structures Possible

I will explain how planners and participants both share views of the market as a whole, and of its many constituent pieces (individual transactions).

a) Planner

Planners have a distinct vantage-point over the economy from participants (i.e., whereby they offer a centralized, rather than decentralized, response to market outcomes). To do their job well, in maximizing the efficiency of the economy, there are certain ways they need think of it, regarding both its parts and the whole:

(1) Decentralized Transactions Occurring Within the Market (i.e., the Parts)

Insofar as planners believe the market's parts are inefficient (e.g., if decentralized transactions produce externalities such as pollution), then they have an impetuous to redress the 'market failure' with a centralized decision (i.e., government intervention). Thus, the more frequently the planner believes that market failures occur, the more of the economy's parts will not operate by market principle. Of course, in many cases, the decision is justified. However, the stronger the belief, the more parts are implicated. Increasingly, the economy will deviate from the archetypical market (i.e., allocation of resources through decentralized transactions) towards a situation in which the *presumed default* becomes centralized transaction.

As such, if the planner believes the market's parts are inefficient, then they have an impetuous to replace them with non-market transactions. This may or may not increase the efficiency of the market, depending upon the competence of the planner in judging whether the inefficiencies of market failure exceed the inefficiencies of government intervention (Wolf, 1979). In either case, however, the greater the belief in the inefficiency of the market's parts, the more its parts are replaced with centralized interventions and, consequently, the less the economy resembles a market. Belief that the market's parts are inefficient, thus, drives the economy away from the 'ideal' market system 'goalpost' in a *piecemeal* fashion towards (however incrementally) the centrally planned 'goalpost.'

(2) The Market Structure (i.e., the Whole)

So, the constituent parts of the market must be seen as efficient (that is, if the planner is to reify a market economy). In contrast, planners must see the market as a whole as inefficient or else they will fail to redress the ‘failures of the market.’

Here, I reference the inability of markets to reify themselves. Rather, markets require centralized authorities to generate revenues with which to fund their prerequisite institutions (including the centralized authority itself!). Generating revenues, however, places inefficiencies upon the market’s parts (by creating disincentives upon the profit motive and distortions upon the price mechanism). Hence, markets contain an intrinsic inefficiency in their very structure.

Planner’s that fail to recognize this inherent cost will fail to ‘plan’ on how to minimize the inefficiencies that result from withdrawing (e.g., taxing) the necessary revenues from the economy.

Hence, a centralized strategy — that I deem ‘**planned inefficiency**’ — is required. Planners must act upon the presumption that the market system is inherently inefficient in order *to place the burden of raising revenues disproportionately upon the parts of the economy that are distorted least by taxation*. This may also be explained as taxing those elements of the economy whose behaviour would be most inelastic to said taxation.

If planners were to see the market system as efficient, then they would fail to minimize the inefficiency of paying for the costs of the market. Revenues, at best, would be raised in a ‘flat’ manner (at worst, they would not be raised at all), making no one firm more inefficient than it must be, but failing to minimize the inefficiencies generated across the system as a whole. (Curiously, to maximize the efficiency of the market as a whole, one does not maximize the efficiency of each of its units!)

On the other hand, the planner who sees the market system as efficient will, in doing so, lead the market towards having structural inefficiencies. Hence, despite belief in the efficiency of the parts, they must believe that the system as a whole is inefficient. The need to see the system as inefficient originates in the ‘failures of the market.’ Planners that view the market system as efficient have no impetus to reduce the inefficiencies of paying for the costs of the market’s prerequisite institutions. They fail to engage with ‘planned inefficiency’ and, thus, a relatively inefficient market economy arises.

Summary of the Planner’s Contradiction

In short, planners confront a contradictory schema of beliefs. They must sustain the belief that market systems are inefficient, despite the efficiency of their parts. If the planner believes the whole is efficient because the parts are efficient, then the economy’s efficiency will suffer (i.e., the planner’s beliefs would deem harmful the enactment of policies necessary for an efficient

market). And, yet, if they see the market's parts as inefficient, then they will have impetuous to replace the market parts with centralized interventions. Rather, they must selectively make the market's constituent parts inefficient (i.e., via taxation) to make the market, as a whole, efficient.

Of Planners (efficient market economy requires shaded beliefs):

	If doubt...	If belief...
System as efficient	Success of 'planned inefficiency'	Failure of 'planned inefficiency'
Parts (transactions) as efficient	Centralization by default	Decentralization by default

b) Participant

Participants in the market are also citizens. As per Karl Polanyi, they have an economic function, but are not inert. Herein, I consider how the participant looks to the whole, with political consequences entailed, and to the part, with economic consequences entailed.

(1) The Participant's "Pocket" of Decentralized Transactions (i.e., the Parts)

The participant's motivation to make an economic contribution — including, in particular, to innovate — is required for markets to be efficient, but is conditioned on their belief that the market will offer remuneration. Remuneration must be adequate to cover their opportunity costs, including compensation of risk.

This requires individuals to believe that the market is currently charging too much for a product and that, in turn, they can arbitrage a profit between "cost of production" and a price lower than currently on offer. If no such opportunity exists, then there is little motivation for engaging with the market. Given widespread belief that the market mechanism has already achieved its wonders of efficiency (whereby the invisible hand has brought us about to Pareto optimality), then the purpose to engage economically (especially to innovate) wavers. (Notably, this insight speaks to the dynamic nature of markets.)

Hence, the participant engages in the economy where the market has failed to bid economic profits down to zero. An efficient market, however, has already bid profits down to zero! In short, participants engage in product markets where they believe an inefficiency has been 'leftover,' thus providing the opportunity to arbitrage a 'nonzero profit.' In doing so, the participant finds a "pocket" of inefficiencies leftover from the market, in which they might profit above the existing opportunity cost.

(2) Market Structure (Whole)

While participants need to spot inefficiencies existing within the market, so as to maximize their economic engagement, they are nonetheless citizens who must also offer — somewhat broadly

across the population — support for the market system. The needed proportion of the population in support of the market will vary, depending on political system — however, at some breaking point within every society, whether through the vote (democracy) or revolt (autocracy), a critical mass arises that seeks the political replacement of the market. Thus, support for the market system depends upon belief in the market’s efficiency as an overarching system. Otherwise, participants could make political demands for its replacement vis-a-vis an alternate mode by which to organize the economy (e.g., the New Deal, the rise of Fascism, etc).

Rational participants do not prefer for their lives to be ordered by inefficient structures when others could do better (i.e., to increase total societal output upon a given set of inputs). Thus, the market must be efficient, to avoid being replaced by an alternate model of economic transaction.

Summary of the Participant’s Contradiction

To maximize the aggregate contribution of participants, there must be perception of inefficient ‘pockets’ of the market in which to engage — thus providing opportunity to earn non-zero profits². At an extreme, however, these pockets, once summed, amount to the entire economy. Hence, participants have a contradictory structure of beliefs: the system as a whole is efficient, despite a perception that the individual parts of the economy are perceived to be inefficient.

Hence, while the market’s efficiency requires that individuals participating in the market see their “pocket” as inefficient — these “pocket’s,” of course, aggregating to engulf the whole market as being perceived (by at least somebody) as inefficient — yet, paradoxically, for the market’s survival the participants must maintain that the market as a whole is efficient.

Of Participants (efficient market economy requires shaded beliefs):

	If doubt...	If believe...
System as efficient	Replace market	Sustain Market
Part (transactions) as efficient	Enter Market	Exit Market

II. Understanding when Optimal Belief Sets are Dominant³

The belief structure required for an efficient market economy, assumes a particular belief set from actors, which, of course, is not guaranteed. In any given society, the simple fact is that

² The opportunity cost is even higher if there are transition costs to shift one’s economic contribution from one area to another.

³ That is, optimal such that (i) society’s principles by which to organize economic transaction aligns with using markets as default mode (i.e., government’s role in economy is secondary to use of markets, in the balance between decentralized and centralized transaction); and (ii) the economy’s efficiency is maximized (individuals economically engaged, while under system that appropriately uses mechanisms of decentralized transaction and centralized fiat)

individuals differ wildly in their beliefs. Whose beliefs ultimately prevail in shaping the political agenda — and whose beliefs are most essential to promoting the economy's efficiency — requires a directly political theory about the distribution of power in society.

In other work, I use *selectorate* theory to consider how, for instance, planned inefficiency (whereby planners tax the most inelastic elements of the economy) is required for the economic system's efficiency, but is obstructed by corruption and (more surprisingly and alarmingly!) democracy. The broader the coalition of citizens that a political leader must hold-onto to maintain power, the greater the number of citizens demanding favourable tax policies — that are elastic relative their behaviours or which they might outright avoid — to the harm of the economy's efficiency overall.

III. Re-Application to the Level of International Markets

In this section I demonstrate why a world-planner is required to attain an efficient international market economy⁴. This is due to the institutional and ideational prerequisites of markets being grafted onto an interstate system. So far, I have treated the planner as making centralized decisions for a hypothetical 'total' economy. In reality, any planner actually operates on behalf of a state, which is merely a constituent part of the 'total' economy when we consider the interstate system. Hence, the planner is actually responsible for a national economy, which is only a part of a greater whole (i.e., it is merely one state in an interstate economy). In a sense, the state-level planner is now an individual pursuing 'narrow' efficiencies — i.e., namely, they seek to maximize the efficiency of their own economy.

Consequently, at the international level, a planner defeats his very purpose at the domestic level; namely, to cull the decentralized pursuit for efficiency when it is ill-adapted to: (i) redress failures of the international market (i.e., with planned inefficiency) and (ii) redress interstate market failures (i.e., with ad hoc policy interventions). Rather, they are decentralized actors arbitraging, immediately available, 'narrow' efficiencies (to maximize their own efficiency) at the cost of 'broad' efficiencies (to maximize the world economy's efficiency). The planner, as a state-actor, becomes (...rather cutely, I might add...) a participant in the international economy. Namely, they act in a decentralized manner to maximize the efficiency of their state. However, this leaves a vacuum to be filled given the market's ideational prerequisites: there is no actor holding the belief structure of the planner, who acts to ensure the efficiency of the whole.

State-Level Planner (Participant in the International Market Economy)

Institutional Requisites

The above argument is a scaled-up version of my 'planned inefficiency' argument: the world planner prevents each state from making its own economy as efficient as possible. Rather, it

⁴ N.b., While inspired by Alexander Wendt's work on the world-state (2003), I restrict myself to considering the economic dimensions of a world-state, with authorities restricted to the sphere of making policy on basis of a public economics justification.

disproportionately taxes those least affected, which minimizes the burden of establishing the prerequisite institutions of a market economy. Hence, taxes are applied unevenly across countries to reduce their economic cost (i.e., inefficiency burden); moreover, funding for the “prerequisite institutions of the market” (so as to redress market failure and failures of the market) are spent to maximize their economic benefit (i.e., public returns on investment). Herein lies a ‘diminishing marginal returns’ claim. A state with serious obstructions to market relations (for example, unable to enforce contract law) would receive a resource infusion. This could generate massive economic returns relative using the same amount of revenues in states with highly developed market relations, whereby the funds would have a relatively small return (for example, to upgrade an already existent public good, such as a highway).

Notably, this schema does not maximize the efficiency of each state actor individually. Those paying disproportionate taxes to the world planner would be less efficient due to the higher tax rate. Yet, their efficiency would be hurt less than were the same revenues to be drawn from any other state actor (i.e., the world-planner would concentrate taxes on those whose economic activity is most inelastic — i.e., least affected — by paying the additional taxes). Thus, the world economy, overall, is more efficient, despite the world planner intentionally making less efficient some of its parts.

Ideational Requisites

The institutional argument, however, does not stand alone. It is co-constituted with an ideational argument. Namely, an efficient market at the international-level requires that the state-planner takes-on — in a sense — the ideational characteristics of the decentralized market participant, when relating to the international market (but not their own domestic market).

First, state-planners must see the system of the international market as efficient. Otherwise, each state, individually, lacks incentive to engage in the market (e.g., autarky); moreover, states could collectively choose to organize the world economy by non-market principles (selective tariffs and quotas, limits on capital movement, etc). Hence, belief in the efficiency of the market system as a whole (at the international-level) is required, as a political matter, for its adoption.

Second, state-planners must see “pockets” of the international market economy whereby profits have not been bid down to zero — implying inefficiencies that would be left-over in the world market, in which their economy might engage. In this manner, if planners are to rely on the decentralized transactions of their participants in the international market economy, then the planner (and the participants!) must see pockets in which the economy remains inefficient and, thus, offers remunerative opportunity for participation.

The upshot: the further the state-planner deviates from the belief that their participants can find pockets of inefficiency, the more they will have to make centralized interventions in individual industries to ensure their competitiveness. Hence, the world economy shifts, with every

intervention, away from the market “goalpost,” towards that of centralized interventions, as planners take the situation to be the default. This is often seen in cases of industrial policy.

If believing the parts are inefficient (i.e., that there are sectors in which the international market has not bid profits down to zero), then the state-planner has no need to prop-up industries with centralized interventions. In contrast, where efficient, the only possible entry to the market will require some sort of centralized intervention, such as industrial policy.

Summary of State-Level Planner’s Contradictory Beliefs

Insofar as individual state-level planners and their market participants conclude that an international market provides an efficient mode by which to organize the economy, then their consensus will reify an international market system as the organizing principle of interstate economic transaction. However, if the state-planner and state-participant believe the international market is inefficient, they are incentivized to replace it with an alternate mechanism.

Yet, the state-planner and state-participant must believe opportunities exist to engage with inefficient ‘pockets’ of the market within the international economy. Hence, this implies that despite the efficiency of the market system each state believes it engages with ‘pockets’ where the market has failed to bid profits down to zero (paradoxically, these inefficient pockets, in aggregate, equate to the total market transactions of the, presumably efficient, market system).

If all the parts of the market are efficient, leaving no remnant profits for arbitrage, then there is no incentive to risk investment or labour (i.e., there is no incentive to engage in market relations). Hence, the planner would, despite seeing the international market *system* as efficient, introduce centralized interventions in the form of industrial policy (thus shifting away from market principles on a *piecemeal* basis) in order to generate domestic motivations to contribute and compete (i.e., introduce sector specific tariffs, subsidies, quotas, etc).

Most notably, the ideational belief system of state-level planners and participants has merged at this international-level. The ‘planner’ of a national economy, is now a ‘participant,’ upon insertion into the interstate system. Hence the similarity. This ‘inversion’ of planner as participant is powered by the notion that the planner at the level of the national economy becomes the participant at the level of the international economy.

Economic Consequences of State Planner’s Belief Structure (requisites shaded for efficient international market economy):

	If doubt...	If believe...
System as efficient	Demands to replace interstate market economy	Demands to sustain interstate market economy
Part as efficient	Profitable opportunity to <i>enter</i> international economy, thus motivation to compete	No profitable opportunity to <i>enter</i> international economy, thus participants have no motivation to compete without state interventions

World-Level Planner (Planner of the International Market Economy)

Institutional Requisites

World planners will have to resolve both *failures of the market* and *market failures* at the international-level, so as (i) assure markets can function at all; and (ii) maximize the efficiency of the world economy. An example of the former is carbon taxation: it is applicable to select transactions occurring within the world economy, so as to compensate those who lose due to the externality (as such, a polluting producing nation and its recipient buyers compensate those experiencing the consequences of pollution, climate change, etc.). By the later, provisions of a public goods nature are ensured in such a manner that all can partake in market transaction. This may include, for instance, enforcement of contract law across national borders.

Given the costs inherent to fulfilling the above functions, it is incumbent upon the world-planner to raise revenues in a manner consistent with planned inefficiency, insofar as the market economy's efficiency is to be pursued as an objective⁵.

Ideational Requisites

The world planner's (aforementioned) role in providing institutions is tied to their ideational role in reifying the efficient market economy. At the system-level, a belief that the international market as inefficient is required, so as to redress 'failures of the market.' If reliant upon a belief that the market system is efficient, the world planner voids their primary purposes. In such a case, the world planner would allow a decentralized pursuit of efficiency, whereby states to arbitrage opportunities available to themselves, such that each unit maximizes its potential efficiency, but at a cost to the efficiency of the whole. The more the world planner believes in the efficiency of the market system, the further from the 'efficient' goalpost the international economy drifts.

Yet, the world planner must believe that the market's parts, in general, are efficient. Otherwise, its motivation is to replace, in piecemeal fashion, the decentralized transactions between the participants of different states with centralized interventions; whereby, on an industry-by-industry basis, more and more centralized coordination of resource allocation would occur. This might occur in the form of trade prohibitions, setting a system of national quotas on production (or simply world trade), etc. The less the world planner's belief in the efficiency of the market's parts, the further from the 'market' goalpost the international economy drifts.

Summary of World-Level Planner's Contradictory Beliefs

In short, the 'state-planner' becomes 'state-participant' in the interstate system. Consequently, a vacuum arises whereby there is no planner to ensure the provision of the market's institutional

⁵ One might, of course, protest the unlikelyhood of "world-planners" pursuing economic growth without constraint set by the world's incumbent "core" countries (e.g., Chase-Dunn, 1981).

and ideational prerequisites. Hence, a ‘world state’ as ‘world planner’ is required to maximize the efficiency of the market economy. For many, this will be an incomplete definition of ‘state.’ However, the definition does include the coercive ability to tax states and redistribute. This release of (partial) sovereignty is necessary to reap a collective return: coercive abilities of taxation enables efficient funding of the economy’s prerequisite institutions.

Economic Consequences of World Planner’s Belief Structure
(requisites shaded for efficient international market economy):

	If doubt...	If belief...
System as efficient	Success of ‘planned inefficiency’ at international level	Failure of ‘planned inefficiency’ at international level
Parts (transactions) as efficient	Centralization of interstate relations (e.g., coordinated trade)	Decentralization of interstate relations (e.g., trade, investment)

Conclusion

I first demonstrate the ideational beliefs underpinning efficient market economies. The planner must believe in the efficiency of the market’s constituent parts while believing in the inefficiency of the market system; the participant must believe in the inefficiency of the market’s constituent parts while believing in the efficiency of the market system. Then, I outline how we might understand these paradoxes. Second, I demonstrate how the planner, in reality, acts as a centralized decision-maker on behalf of a state. The planner acts as a centralized decision-maker at the intra-state level, but is a decentralized decision-maker at the inter-state level. Hence, the planner’s role flips at the interstate level: they are now a decentralized (utility-maximizing) actor operating within the international economy. Hence, a vacuum arises: the ideational prerequisites of an efficient market economy now requires a ‘world state’ to operate as a world planner.

In the long-term, I hope to write on the plausibility of this occurrence. More immediately, however, I wish to empirically test my theoretical claims in an expanded book format. The idea will be to take the book’s theoretical 2x2 matrix and to “fill it” with an expanded description, historical process tracing, and analysis of a survey administered to citizens (participants) and civil servants (planners). In this way, I may test whether my specified arrangement of the beliefs of individuals (aggregated to the country-level) correlates with the relative success of a country’s market economy (both in terms of its efficiency and market-orientation); in this manner, I can test whether my hypothesis are carried-out.

Belief Structure Required for Efficient Market Economy [Chapter Assigned: Empirical Testing]

	Planner	Participant
System	Inefficient [Ch 2]	Efficient [Ch 4]
Part	Efficient [Ch 3]	Inefficient [Ch 5]

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