

The Economics of Joseph J. Spengler

(Note : Professor j j Spengler known to us for his demographic contributions, has been a social scientist who has always looked at social problems from an integrated perspective which combines approaches of a variety of social sciences- We reproduce here an appreciation of his life long contribution to economics, particularly economic history. Prof. *Spengler* has a long standing and abiding interest in the development of demography and population studies in India. He is widely read here both by scholars and policy makers. The present piece on his contribution to economics will be of particular interests to all readers of his demography—C.Ed.)

1

It is difficult but most rewarding to trace the evolution of the thought of Joseph J. Spengler through his voluminous writings that fall within a host of disciplines : economics, demography, sociology, political science, law, ethics, medicine, and more. Indeed, Professor Spengler batters down the walls of disciplines—not to demonstrate some doctrinal commitment to interdisciplinary studies but to pursue the truth wherever it leads. He pursues it with a daring, vigor, and all-consuming erudition rare in the history of economics.

Why locate Spengler within economics at all? Because economics remains his home, and he always returns to it, devotedly, of despite his sometime displeasure or even anger over certain of its manifestations, from his forays *into* other forests. He has stayed in economics, I think, because he wants to preserve that which remains valid and valuable but to transform it into a richer and more vital field of learning that will better serve humanity,

This purpose gives a unity and force to his work; I sense his personality in all of it. His economics is himself, and, like the work of any exceptional scientist

*I am greatly indebted to professor Irvin Sobel of Florida State University and to Mrs. Dorothy Spengler of Duke University for their help, advice, and encouragement.

Courtesy : The New York Times.

or, artist, it inevitably becomes part of ourselves. In a curious way, his work goes beyond any formal statement of his position. He is an institutionalise in the tradition of Veblen, Wesley C. Mitchell and his own teacher, A.B. Wolfe—and, indeed, as he sees them, in the institutionalist tradition of Smith and Malthus. Yet he considers institutionalism to have failed. He blames that failure on its inability to define its scope and analytical apparatus, and on its lack of "an architectonic Marshall and a skilled, articulate band of younger economists comparable to those who sharpened and put over J.M. Keynes's *General Theory*."¹

The great majority of the young institutionalists, Spengler says, abandoned their institutionalism in the bright Keynesian dawn, believing that they had found a far better, neater, cleaner system of analysis and control, and had no need of all that historical, sociological rubbish to clutter up their minds and equations. Institutionalism was believed to be not only cumbersome, but irrelevant. By the same token, the history of economic thought]was also irrelevant—why study proto-scientists or pro-scientists or confused and wordy nonscientists?

In fact, the *epigones* of Keynes became far more abstract and recondite than their master himself had been. The assault on Keynesianism from the monetarists and rational expectationists did not represent in any sense an attack on its abstract methodology. If Keynesianism was dying, institutionalism was no less dead—or so it seemed.

Yet scholars like Spengler remained committed to a belief that institutions, both in the sense of living organizations and that of habits of thought or belief or custom or law, remained crucial to an understanding of the functioning of economies. Spengler sought not just a revival of respect for the ideas and insights of Veblen or Commons but a reconstruction of economics upon firmer empirical and theoretical foundations. "Release of the potential of institutional economics," he said, "depends both upon its systematization as well as upon its overcoming its isolation from conventional economics."² Such a new institutionalism appears to be emerging today as a reaction to the perceived failures of conventional and standardly mechanistic economics in dealing with a host of problems, including environmental pollution, international trade and protectionism, and the economic development, especially of third-world countries. All such problems, and even such traditional economic problems as the making of fiscal and monetary policy are heavily complicated by political and institutional factors. They cannot be solved by conventional economics alone. Economics, as Veblen said and Spengler agrees, must be an evolutionary science, and

1. "Institutions, Institutionafism : 1776-1974," *Journal of Economic Issues*, December, 1974, V III, 877-96. See also I. Sobel. "Joseph J. Spengler : The Institutional Approach to the History of Economics," in *Research in the History of Economic Thought and Methodology*, t&. Warren J. Samuels. 1983, pp. 243-70.

2. *Ibid.*, p. 888.

if a model in the natural sciences is needed, it is closer to biology than mechanics; and it is still closer to history, as Sir John Hicks has said, in dealing with problems involving economic dynamics.

II

Spengler had the good fortune to become deeply involved in one of these important, complex, dynamic problems—one freighted with institutional content—at the beginning of his career : the problem was the growth and distribution of population, and its relation to other economic and social problems, which he began to study under A. B. Wolfe at Ohio State. It is always hard to decide whether a man chooses his *metier* or whether a *metier* chooses its man. In Spengler's case, it seems to have been love at first sight on both sides. He was certainly well prepared to treat economics and population problems as much more than academic issues. He was a farm boy, like Veblen, and incidentally, like my other great teacher at Duke, Calvin Bryce Hoover. (There's something about growing up on a farm that keeps you from getting too esoteric about human or animal or other biological phenomena.) Spengler also worked for a year as a reporter in Piqua, Ohio, before he started college, and he used to talk a lot about his experience as a reporter, which he thought sharpened his powers of observation.

He first explored differential fertility rates among native-born and immigrant women. This was no dry academic matter in the highly charged political environment after World War II, with the Ku Klux Klan waging its crusade for "Americanism," a creed which, in its terms, was anti-black, antisemitic, anti-foreign born, and also, of course, anti-intellectual. Demography, exciting stuff in its social implications, never surrendered its hold on Spengler.

His first book, *France Faces Depopulation*, published in 1938, was a brilliant and original investigation of the forces, cultural as well as economic, causing the falling fertility rate in France before World War II, and the political response to the threat of depopulation. He found that many French writers had implied a growing incongruity between the family as a system of arrangements designed to secure the replacement of a population and many of the institutions and practices that had come to exist alongside the family in the cultural pattern of France. But few French writers had recognized this incongruity.

They seemed to have assumed, said Spengler, that a mild type of state interventionism would suffice to counterbalance factors conducive to relative infertility and to the incongruity between "the family as a reproductive system and Other institutions dominating the present national culture-pattern of France."³

In his characteristically decisive way, Spengler said neither this explanation of the decline nor the proposed remedy was adequate. Whether the level of

3. J. J. Spengler, *France Faces Depopulation*, pp. 277-300-

fertility could be elevated or reduced by governmental action would depend, in the last analysis, on whether or not cultural patterns were subject to directed modification. He concluded that, in the absence of a profound change in the income and social structure of France, measures to stimulate population growth were bound to fail. An exogenous variable—World War II—came along soon after his book was published but did not significantly affect his deep analysis and conclusion.

Spengler's determination to build his analysis on empirical facts does not in any sense imply that he is anti-theoretical. To the contrary, following John von Neumann, he stresses that although theory has its origins in empirics, even in a field like mathematics, it becomes detached from its empirical origins and "lives a life of its own." Spengler suggests that the general usefulness of a theory depends on its not "mapping" too closely to the original problem it was intended to explain and solve. Accordingly, his concern about theory and intellectual history is as deep as his study of empirics; theory and fact are wedded, sometimes a bit loosely, but they cannot be in serious conflict nor divorced from each other.

He followed his study of French depopulation with a work in intellectual history, *French Predecessors of Malthus*, a study of the wage and population theories of mercantilists and neo mercantilists, agrarians, physiocrats, non-physiocrats, and anti-physiocrats, philosophers and other French thinkers. His treatment of Cantillon and Quesnay, predecessors not only of Malthus but of such great economists as, respectively, Adam Smith and Wassily Leontief, is a masterful rediscovery and revocation of the ideas of the eighteenth century in France. He found that the two dominant strains in eighteenth-century French thought—the Malthusian and anti-Malthusian—parallel in their nature and development to the two strains in eighteenth-century English thought that stemmed, respectively, from Hobbes and Locke. Indeed, I find the struggle between Hobbesian and Lockean beliefs—the first based on a perception of man as dominated by passions and in need of being governed by the state, the second based on the perception of man as rational, with little need of state control—being waged within Spengler himself.

A lover of freedom and bitter foe of political and bureaucratic interference in individuals' lives, Spengler yet seems sometimes to despair that freedom can survive in a society where morality and conscience have grown so weak and where greed, crime and corruption have grown so strong. He uses, as an epigraph to a chapter on "Numbers, Interests, Policy," in his 1975 book on population and the future of the United States, this quotation from Plato's *Republic* : "The best is for every one to be ruled by a wise and godlike power, if possible seated in his own heart; if not, let it act upon him from without." When freedom seems to be degenerating into chaos, Spengler suggests, order must be imposed hierarchically. If only this could be done by Plato's philosopher-kings. But where are they in our century? The hierarchs have borne such

names as Hitler, Stalin, and Idi Amin.

Spengler usually has scant trust in the political and business and military leaders even of a democratic society, such as this one. He followed President Eisenhower in inveighing against the military-industrial complex; and suggested that the Soviet Union has a parallel complex. In 1975, he noted that, since each of the two superpowers *were* continuing to match each other's military efforts, and since neither had strong and reliable allies, "the military security of neither is firmly based, given the widespread poverty, rapid population growth, and rising expectations in the underdeveloped countries."⁴ In consequence, he said, a large fraction of the capital-forming capacity of both superpowers was being wasted.

Similarly, in his introduction to a *Festschrift* for Calvin Bryce Hoover in 1965, Spengler warned against such "malignant tendencies as the military-industrial complex and its sequel, destruction of industry's competitive capacity, as well as its actual and potential consumer-serving power by all-absorbing military and space contracts, or the failure of philosophy-less industrialists to insist upon man's unfettered *right to indulge* in what J. S. Mill called self-regarding action (e.g., cigarette smoking)."⁵

This goes beyond the strictures I would put upon government. Yet Spengler is no ideologue of the market as the ideal allocator of goods or dispenser of justice. He has made explicit his understanding that the market may be dysfunctional as an engine of growth and creator of human welfare. Though the market spurs and rewards efficiency, *initiative*, and innovation, it may neglect those aesthetic, intellectual and moral qualities essential to the good society. It may despoil the earth's irreplaceable resources. In the struggle to reconcile freedom with order, and to resolve the conflicts between individual and social needs, Spengler, James Buchanan, and Nicholas Georgescu-Roegen all have made major contributions.

III

Spengler's research carried him in later years to distant lands and ancient times, to explore the thought of such diverse minds as Herodotus, Plato, Ibn Khaldun, Kautilja, Lord Chang and the roots of Indian economic thought. He does not see economics as merely an Anglo-Saxon invention, or as a set of ideas, perhaps dogmas, chained to Western market economies. His writing envelops the richness of culture and personality.

What does Spengler's wide-ranging and deeply probing approach imply for the future of economics? I believe it can take us well beyond the synthesis of

4. Joseph J. Spengler, *Population and America's Future*, p. 190.

5. *Economic Systems and Public Policy Essays in Honor of Calvin Bryce Hoover*, edited by Robert S. Smith and Frank T. de Vjver, pp. **xiii-xiv**.

institutionalism and conventional economics he proposes. It opens up fundamental issues of the links between economics and philosophy and a re-examination of the scientific presuppositions of economics—or, perhaps I should say, the scientific pretensions of economics.

Spengler opens his latest book, *Origins of Economic Thought and Justice*, with the statement, "Science, at least in a world relatively free from risk and uncertainty, presumes the existence of order."⁶ He then quotes Alfred North Whitehead's dictum that "there can be no living science unless there is widespread instinctive conviction in the existence of an *Order of Tilings*, and, in *particular*, of an Order of Nature."⁷ But, of crucial importance to us, is there an "order of things" or an "order of nature" or an order of society upon which a science of economics can be founded? Or as Spengler's opening statement quoted above, may be taken to imply, is there too much uncertainty in the social order, or disorder, to undergird something called "economic science"?

To be sure, order in nature, which may never be perfect, Einstein to the contrary notwithstanding, may lie in the eye of the beholder. Whitehead said that such geniuses as Aristotle, Archimedes or Roger Bacon must have been endowed with a "full scientific mentality, which instinctively *holds* that all things, great and small, are conceivable as exemplifications of general principles which reign throughout the natural order."⁸

But even if one assumes that there is a natural economic order, which geniuses like Smith and Walras discovered it is obvious that the task of the economist in determining the "principles" of such an order is far more complex and uncertain than is that of the physicist in dealing with the physical order. For the economist must deal with an enormous number of variables—not only economic variables but also political, psychological, technological, geophysical, cultural and other variables, where, by comparison, the physicist can abstract from nature and concern himself only with the particles in a chosen system. Further, one of the critical variables with which the economist must deal—human beings—do not behave with the regularity of atoms and molecules. The human actors differ in their subjective values and goals and in their varying responses to stimuli. Each human actor changes unpredictably through time, and so does the technology which humans create. Few humans, if any, seek to maximize a single variable; virtually all have multiple goals—as Herbert Simon says, they "satisfice," rather than maximize. And the humans are creatures of habit and custom, but they are inconsistent in the degree to which *they* accept the constraints of habit or custom, ethical principles, or even laws.

It is possible, then, usefully to reduce all that complexity and uncertainty to a few mathematical formulas, or, with the help of large, high-speed computers,

6. *Origins*, p. xi.

7. A. N. Whitehead, *Science in the Modern World* p. 3.

8. *Ibid.*, pp. 6-7. 18-19.

to a large system of equations? Thus far, the answer seems to be no, not if the criterion is the ability to make reliable predictions, which economists, such as Milton Friedman, pose as the test of valid economic theory. Large-scale econometric models, based on a careful study of past relations among economic variables, seem to do no better in forecasting than small, judgmental models. The large-scale models are also judgmental, and necessarily so, if they are to be kept from going seriously awry. However large, econometric models cannot solve the underlying problem of a highly uncertain economic order.

Further, we may ask whether economics, scientific or other, provides highly reliable policy advice. Again, the answer appears to be no, judging both from the record of the outcomes of economic events measured against the expectations of the policy advisers, and from the disputes among policy advisers representing different schools of economics or even among economists from a given school. Some economists would defend against this criticism by maintaining that policy advice is "normative," hence not scientific, and should not be measured by scientific standards. That maybe, but would one exempt the physicist, chemist, engineer or even physician from scientific standards in judging the value of his recommendations?

Indeed, economists have not been notably modest in their claims as social therapists. Spengler has criticized the hubris, defined as arrogance, of economists in insisting that they have ready solutions to highly complex problems. They have over-advertised their wares, and suffered a fall in public, business, and political respect, as a consequence.

Yet I sometimes feel that public criticism of the economists, as policy advisers, has been somewhat too harsh. The economists have sometimes provided good advice, and pulled politicians back from a potentially disastrous course. And they have sometimes demonstrated true grit and integrity, refusing to become the slave of some defunct, or soon to become defunct, politician.

I find many examples for economists in Spengler's lifework : to replace hubris with humility; to learn philosophy, history, and the history of ideas; to see man more nearly as he is, not as a flesh-and-blood robot; to observe the interactions of culture and economic life.

Is all this an impossible task for the economist? It is certainly a difficult one. But Spengler's own contributions, and his own method of truth-seeking, indicate that it is not impossible for those who would *work* as hard as he has done, *observe* as carefully, and *think* as freely. I have always remembered the advice this great man and prodigious scholar gave me when I was working on my doctoral dissertation : "For God's sake, Leonard," he said, "will you please stop reading?"

Selected Bibliography

1. Joseph, J. Spengler, 1930, *The Fecundity of Native and Foreign-Born Women in New England*, Pamphlet, **The Brookings Institution**, Washington, D. C., pp. 53.

2. Joseph, J. Spengler, 1931, Comments on institutionalism, *AER Supplement*, pp. 135-137.
3. ____, 1931, Malthusianism in 18th Century America, *M&E*, XXV, 695-707.
4. ____, 1938, Significance of Marxian economics, *AER Supplement*, pp. 20-22.
5. ____, 1938, *France Faces Depopulation*, Duke University Press.
6. ____, 1942, *French Predecessors of Malthus*, Duke University Press.
7. ____, 1944, Pareto on population, *Quarterly Journal of Economics*, LVII, 571-601, August 1944; and LIX, 107-133, November.
8. ____, 1945, The Physiocrats and Say's Law of Markets, *Journal of Political Economy*, LIII, 193-211 and 317-347.
9. ____, 1946, Monopolistic competition and the price of urban land services, *JPE*, LIV(5),
10. ____, 1947, The role of the State in matters economic, *Journal of Economic History*, VII, 123-143,
11. ____, 1948, The problem of order in economic affairs, *Southern Economic Journal*, XV 1.
12. ____, 1952, *CantiUan : L'economist e La Demographie*, Institute Nationale D'Etudes Demographe, Paris.
13. ____, 1952, *Evolutionism in American Thought*, edited by Stowe Parsons.
14. ____, 1954, Richard Cantillon, First of the Moderns, *Journal of Political Economy*, LXII, 201-225 : 406-424.
15. ____, 1954, Limitational factors in population theory, *Kyklos*, VII, 242.
16. ____, 1955, Herodotus on the subject matter of economics, *Scientific Monthly*, 4.
17. ____, 1956, Adam Smith on population, *Population Studies*, XXIV (3), 377.
18. ____, 1957, Malthus the Malihusian versus Malthus the Economist, *SEJ*, XXIV (1).
19. ____, 1959. Adam Smith on Economic Growth, *SEJ*, XXV, April 1959, Part 1, pp. 397-415; Part II, pp. 1-12, July 1959.
20. ____, 1959, John Rae on economic development, *Journal of Political Economy*.
21. ____, 1960, *Social Evolution and the Theory of Economic Development*, edited by H. Barrington, G. Blankson and R. Mack, Cambridge, pp. 243-272, passim.
22. ____, 1963, *Aftalhra-ilan Economics, Administration and Economic Development in India*, Duke University press.
23. ____, 1964, Ibn Khaldun, *Comparative Studies in Society and History*, (6). 1964.
24. ____, 1964, Return to Thomas Hobbes, *South Atlantic Quarterly*, 445-448.
25. ____, 1965, Today's circumstances and Yesterday's theories, Malthus on services, *Kykhs*, XVIII, 601-614.
26. ____, 1966, *Economic Systems and Public Policy, Essays in Honor of Calvin Bryce Hoover*, edited by Robert E. Smith and Frank de Vyver, Duke University Press, p. XI.
27. ____, 1968, Economics : Its history, themes, approaches, *Journal of Economic Issues*, 2 (I), 5-31.
28. ____, 1968, Hierarchy vs. Equality : Persisting conflict, *Kyklos*, XXI, Fasc. 2, p. 217,
29. ____, 1969, Kautilja, Plato, Lord Chang, *Proceedings of the American Philosophical Society*, 113.
30. ____, 1970, *Exogenous and Endogenous Influences in the Formation of Post 1870 Thought*, edited by Robert Eagly, Wayne State University Press.
31. ____, 1971, Malthus on Godwin's 'Of Population', *Demography*, 8 (1).
32. ____, 1972, Social Science and the collectivization of Hubris, *Political Science Quarterly*, LXVIII.
33. ____, 1972, The marginalist revolution and concern with economic development, *The History of Political Economy*, 4, passim.
34. ____, 1974, The population problem, its changing character and dimensions, In : *Evolution, Welfare and Time in Economics, Essays in Honor of Nicholas Gevrgexcu-Roegen*, Lexington Heath Press, pp. J5-16.

- 35 . Joseph, J. Spengter, 1974, Institutions, Institutionalism 1776-1974, *Journal of Economic Ixsuex*, VII (4), passim.
36. ____, 1974, Was 1922-1972 a Golden Age in the History of Economics, *JEL*. VII (.0.
37. _____, 1980, *Origins of Economic Thought! and Justice*, Southern Illinois Press.
38. _ , 1981, *Indian Economic Thought*, Duke University Press.
39. Irvin.Sobel, 1983, Joseph Spengler : The inslifutiouuulist approach to our profession and its ideas. *Eastern Economic Journal*^ IX (4), 337-349.
40. ____, 1981, Joseph J. Spengler : The institutional approach to the history of economics, In : Warren J. (ed.). *Research in the History of Economic Thought and Methodology*, Samuels, JAI Press, Inc.. pp. 243-270-