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Joseph Spengler: The Institutionalist Approach to Our Profession and Its Ideas

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To label Dr. Joseph J. Spengler as one of the most unique and creative economists of our era should require no defense; nevertheless, I offer that argument, to a readership primarily "trained" in the Post World War II era, with some concern.

An initial perusal of the range of Spengler's vast stack of titles, in varied professional journals devoted to medicine, heredity and genetics, sociology, political science, business, ethics, marriage hygiene, statistics, biology, history, law, demography, Asian and Indian studies, and natural resources, could easily lead to despair regarding the liklihood of finding a central theme to his works, or even classifying him as an economist.[1]

Accordingly, any attempt to delineate Spengler's unique impact must not only cite his prolific economic writings but also works addressed to those essentially social, philosophical and biological themes in the journals cited above.[2,3] But as is the case with other great polymaths of our profession, such as Adam Smith and Thorstein Veblen, his seeming noneconomic thinking can be seen as a part of a systemically conceived whole.[4]

Unlike many who have achieved recognition in the History of Economic Ideas, Spengler has not written a work under that title. This has led to the erroneous conclusion that he has no systematic view of the field, either of its essential limits or even an approach to its development. However, anyone carefully reading what many regard as his seminal work "Economics: Its History, Themes, and Approaches," would hold to the contrary. (Spengler, 1968a pp 1–31) In that article Spengler analyzed the history of economics from two interrelated points of view; the development of our profession, with its related institutional milieu; and approaches to its development as a science.[5,6]

Two approaches cited therein are of immediate relevance towards understanding the

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[1]"Spengler has also written for laymen with equal success. More "popular" articles have appeared in *Parents Scribners American Mercury, Atlantic Monthly, Science, Scientific Monthly, Collegiate News and Views,* and the *High School Journal,* just to name a few.

[2]Their subject matter would also be deemed as totally unrelated to economics as defined by Lionel Robbins.

[3]Many of his writings were the result of interaction and discussion with colleagues, and of his vast range of friendships at Duke, in such diverse areas as Political Science, Philosophy, Schools of Law, Medicine, Biology.

[4]A similar position, in regard to Adam Smith's noneconomically oriented works is taken in Rechtenwald's "Adam Smith: A Reappraisal of His Scholarship." *Journal of Economic Literature,* 16. (March 1978) pp. 58–83.

[5]The fact that Spengler chose to publish the above cited article, in one of the earlier issues of a new journal published by the Association for Evolutionary Economics would indicate Joe's continuing association with institutionalism.

[6]The approaches and essential themes cited by Spengler are relatively close to the "institutionalist" approach attributed to Wesley Clair Mitchell.

nature of his professional contributions.[7] The approach Spengler labels "biographical" states, "One can assess the influence (if any) of events, ideological factors and so forth upon the development of economics only if one can trace their impact through the medium of individuals."[8] (Spengler 1968a p 25) Further, in identifying the "Economists Vision"—he states, "Every economist has a mental picture of both the economic universe and the larger societal universe in which it is situated, so may one ask himself what was Smith's vision, or Marx's . . . ."[9]

Notwithstanding, the clear danger of subjectivity, especially in interpretation of "vision," the following background and biographical data, deemed crucial to understanding Spengler's creativity, is offered.

Biographical

Joseph J. Spengler was born in 1903 on a farm in Central Ohio to a relatively prosperous family of Germanic origin characterized by a high degree of intellectual and social interaction. He became an avid reader at a relatively early about matters discussed in his home, ranging from the growing anti-German attitudes to those of an agricultural nature such as the breeding of farm animals, selection of seeds, the rapidly evolving agricultural technology, and the post-World War I inflation and subsequent agricultural depression. He made his decision to study economics at Ohio State because virtually all of his interests, ranging from genetic selection, to agricultural technology, farm prices, immigration, and social justice could be accommodated through an economics department, which has achieved distinction both in demography and agricultural economics. There he came into contact with Professor Albert B. Wolfe who, though Harvard trained became a leading institutional economist through the influence of Professor T. N. Carver, who, despite his advocacy of the market, adopted a critical evolutionary view of its processes and institutions. Undoubtedly Wolfe's reputation as a demographer, and the current debate regarding the restriction of immigration, oft-time punctuated by invidious interpretations about genetically unfit groups and races, in an era in which the Ku Klux Klan was especially strong in the Midwest, affected Spengler's decision to concentrate in demography.[10] Spengler soon became Wolfe's intellectual confidant and assistant. Through Wolfe, Spengler came into contact with the institutionalist "establishment" especially John R. Commons, whose "Legal Foundation of Capitalism," he still regards as a model for scholarship.

Another major influence was a course in the History of Economic Thought taught, by Professor Matthew Hammond, who utilized a didactic approach similar to that of Wesley Clair Mitchell. Thus, Spengler's major evaluatory criterion regarding economic ideas, and the professional institutions for disseminating them, namely, their functional serviceability, emanates from Veblen and Mitchell, transmitted in a unique amalgam through Wolfe, Hammond, and Calvin Bryce Hoover.

Professor H. Gordon Hayes, of Ohio State, who in the 1920's was among the leading "market-socialists" was another important contributor to Spengler's outlook. Although believing that the market was central to any systematic economizing behavior, Hayes nevertheless felt that the market mechanism, undergirded by unequal distribution of economic property and power, lacked serviceability and was neither just nor socially efficient. From Hayes, Spengler acquired a critical appreciation of Pigou's Economics of Welfare, which he regards as a milestone.

A catalogue of the major influences on Spengler's outlook would be seriously deficient if that of Calvin Hoover were overlooked. Shortly after he joined the faculty at Duke in 1934, the two became inseparable colleagues and friends. One fragment, from an introduction written by Spengler for Hoover's *Festschrift*, not only indicates Hoover's beliefs, but also reflects their shared attitudes and values. The sentiments embodied in the statement, "Economics has also meant more to Calvin Bryce Hoover than mere models lifted from physics and proofs pilfered from Euclid. It has meant the analysis of economic life in its vast Plotinean variety and form . . ." are equally applicable to Spengler. (Spengler 1966 p XI)

All of his mentors and "colleagues," probably including more biologists, philosophers, political scientists, and sociologists then economists, emphasized the close linkage between societal norms and socio-economic thought. Wolfe was an admirer of De Tocqueville and undoubtedly Spengler's attitudes about the dangers of equalitarian based democracy are colored by this influence. Through his study of biology, and genetics, Joe obtained his Malthusian-Darwinian view of a society bounded by constraints and limits.

Spengler's basic position is that the market, despite its deficiencies, which could be overcome by the evolution of a more responsive institutional framework,[11] is the only entity capable of effectively answering the three major human concerns central to any rational economic order, namely, welfare and justice, allocative efficiency, and growth. His vision is thus to make economics more serviceable in terms of yielding solutions to basic societal problems, and it is apparent that he regards the history of man's thinking about such problems as an important requisite for such an outcome.

From Population Theory to the History of Thought

Spengler's statement that "The population problem has its origins in the presence of limitative factors, barriers not surmountable either through substitution at the consumer level or through sufficient economy in the use of a limitative factor . . ." provides a partial explanation of the shift of his early teaching and research focus from demography, to economics. (Spengler 1974a pp 15–16)

In his view economic theory, like demography, encompasses a collection of concerns and techniques originating in empirics and, like demography, deals with how scarce constraining resources are utilized, distributed, and either grow or decline relative to that population.[12] (Spengler 1974a p 15) However, the bulk of Spengler's early writings including two books, concentrated upon French population thought and trends. (Spengler

[7]Spengler uses differences in approach of various scholars writing in the History of Ideas field as differentiating their views regarding the scope and definition of the subject matter.

[8]It is because of the imaginative integration of the "biographical" and "vision" approach that Spengler consistently refers to Jaffee's work on Walras and Dorfman's on Veblen as among the truly great works of our era. Interestingly enough these two scholar's and Spengler were the recipients of the first three distinguished awards of the History of Economic Society.

[9]He quotes Professor William Jaffee in this regard. "The discoverer enters into a theory not as a stereotype but as an individual possessing an individuality of his own. If we consider a truly original concept, even when couched in austere mathematical symbols (a la Walras), we find that it is inevitably comprised of an intricate combination of elements which are derived not only from the discoverer's social, intellectual, and physical environment, but also from his own personal traits, attitudes and endowments. This is frequently overlooked in History of Economic Theory." (Spengler, 1968, pp. 26–27).

[10]It is because of our joint mentor, Dr. Albert B. Wolfe, that I felt I had sufficient understanding to undertake an analysis of Spengler's work. Wolfe, incidentally was a member of our professional "establishment" and was President of the AEA in 1942.

[11]This in essence reflects T. N. Carver's influence upon Spengler's thinking. Spengler several times argues that neoclassical theorists, with the possible exception of Marshall, and Pigou, neglected the evolution of basic institutions requisite to making the market work efficiently and equitably. Spengler thus, regards Henry Simon's "Economic Policy for a Free Society" as a modern classic. He also accords Ezra Mishan's "Economics of Welfare," high marks.

[12]Despite its empirical origins Spengler feels that if economic explanation maps too closely to reality, it soon becomes descriptive in nature and cannot result in systematic explanatory principles. He attributes a great part of responsibility for the Institutionalist decline to this fact.

1938a and 1942)[13] He became convinced that in order to understand French population trends, he not only had to understand all phases of France's social and cultural thought, but also its interconnections with the early French "systemitizers," who had explicity linked "population" to their theoretical systems. Other writings, while ostensibly addressed to the population theories of well-known economic theorists, indicate a growing concentration upon their total theoretical and conceptual schema, to which their population ideas were related (Spengler 1944). Given this emphasis, it is only natural that Spengler's earlier major works deal with the Physiocrats, Cantillon, and Boisguilbert.[14]

After his milestone "Physiocratic" articles in 1945, a growing proportion of Spengler's work was devoted to themes, other than demography. A factor which contributed to this apparent change in emphasis was World War II, when he emerged a "generalist," teaching almost the entire spectrum of the economics curriculum at Duke. A 1948 article on "Economic Order" written during this transitional period is indicative of his evolving approach to economic ideas. In it Spengler stated, "The problem of economic order is taking on the importance it had in classic time about the time Augustus substituted the principate for the republic. In this paper I deal with the problem of economic order in man's ideological history" (Spengler 1948 p 1). An earlier 1947 article regarding the role of the polity in the economy also reveals his shift toward topics involving historically evolving themes. (Spengler 1947 p 123–143)

Spengler's 1968 work, explicitly addressed to the scope and methodology of the historian of economics, perhaps best illustrates his approach to this subject. He argues that a mastery of economic thought is necessary to give the "professional" economist an understanding of the milieu in which he will function. To achieve that understanding, it is necessary that the origin, and life sequence of theories be related to the social, political, and ideational climate in which they arose. Consonant with this vision of the subject matter ideas, Spengler identifies five possible approaches. (Spengler 1968a)[15] The first three in addition to the already cited "biographical" and "vision" approaches, are:

1) Isolating the subsets present in a given scholar's set of ideas, ascertaining how he finds them interrelated, and identifying the objectives to which he directs his analytical approach:

2) Developing the natural history of a theory conceived as a mental entity with both an antecedent and prior formulation of its analytical components; and

3) addressing a problem to which an earlier economist devoted his attention and developing an explanation which is consistent both with current approaches, and its originator.

As exemplified by his "Physiocracy and Say's Law," the questions he thus addresses are such that he generally utilizes all of his five approaches in order to obtain answers.

Accordingly he must answer such questions as: Who were the important system builders or creators; what sort of a society did they live in; what were the problems of that society; what were its institutions, overall ideological climate, and conflicts; to what extent did the creators share or reject certain societal values; what was their involvement in the issues and conflicts of their periods; what social and economic problems gave rise to the need, first, to devise theoretical explanations, and subsequently to find solutions; and what ideas were held by predecessors as well as by proponents of opposing schools of thought? Finally, he attempted to provide a rationale for understanding the durability of certain theoretical systems over time, even in the face of repeated falsification, while either less, or equally, "falsified," theories failed to survive. To respond to these questions Spengler finds it necessary to understand not only a given society's cultural framework, but also its pamphleteer and popular literature. Thus, Spengler's footnotes are an education in themselves, revealing both the breadth of his knowledge and his world view.

Spengler's opening comments in his Physiocratic article, "When new gospel appears, it can be discovered in the works of people who have gone before" illustrate his view that any particular formulation of an idea, must be seen as a stage in its continuing evolution. Tracing the evolution of attitudes about "consumption" Spengler notes that in the Middle Ages consumption was viewed favorably in terms of its employment-creating effects; though the Mercantilists concerned about its direct (especially luxury consumption) effect upon the balance of payments and its indirect impact upon higher real wage levels thought otherwise. Although the incentive effects of consumption were deemed crucial in the 18th century differences developed as to whether expansion of production, resulting from accumulation, should take immediate precedence over consumption. Even those Physiocrats who accepted the existing distribution of income, nevertheless, urged more "luxury" consumption by the wealthy.[16] The great majority of the Physiocrats argued for balanced consumption of goods and services, as later did Malthus.[17] Spengler's meticulous scholarship enabled him to discover and resolve contradictions in these opposing views. He contended that there are two contradictory lines leading from the Physiocrats, one to Say-Mill, and the other to Marx's model of simple reproduction, Malthus and Keynes.[18] In looking anew at a previous controversy in the light of a newly emerging one this masterful analysis indicates not only Spengler's functional-serviceable approach to the history of ideas but also his intense scholarship. It shows his willingness to dig beyond the conventional view of the Physiocratics, by reading the writings of both major and minor Physiocrates in their own language. The result was not only a fresh view, but also the pouring of the Physiocratic "old wine" into a "new bottle" labeled Keynes.

Spengler's research on French demographic thought and on the Physiocrats made him aware of Richard Cantillon. Thus, when Cantillon's "Essai" was republished in 1952, Spengler contributed an interpretative essay, in which he showed that Cantillon's theory of population was a natural concomitant of his overall "theory." (Spengler 1952a) That essay was shortly followed by a two-part article titled Richard Cantillon, "First of the Moderns" in which Spengler showed brilliantly that Cantillon anticipated many present day concepts. (Spengler 1954a passim) Through his empiricism, his evolutionary functional view of the emergence of economic institutions, and his emphasis upon the system's self-adjusting nature, he (Cantillon) could be conceived as the "first of the moderns." This specification of the "Essai" as the first modern work might also be related to the fact that it was the first work, until the neoclassical era, to accord allocative efficiency a central role.

[13]Notwithstanding this statement some of Spengler's early works on Ideas are his 1931 Comments on Institutionalism, Malthusianism in Early America, and his 1938 article on Marx.

[14]These early articles on the French systemitizers are generally regarded as his most original.

[15]The fourth and fifth approaches, at which Spengler is equally masterful have already been cited; namely, biographical and the economists' vision.

[16]These include Quesney, Mercier de la Riviere, Dupont, the Abbe Condillac (who along with Boisguilbert and Galiani conceived of utility) as well as Cantillon.

[17]Malthus according to Spengler was the first to challenge Say's Law.

[18]Spengler suggests that Smith, who treated savings or accumulation and investment as simultaneous, could have easily been cited as the formulator of the Say-Mill approach.

It is this refocusing on the work of prior thinkers in the context of today's economic thought which still is Spengler's unique trademark. It is because of their great originality and impact that his two early French inspired works are accorded relatively more attention than his subsequent work on other economic "creators" such as Smith, Veblen, Marshall, Cassel and Pareto.

Spengler's Fundamental Themes of Economic Thought Welfare, Allocation, and Growth

In speculating about the origin of economic thought, Spengler points out that for at least three millenniae some individuals (mainly merchants, statesmen, administrators, and moral philosophers) concerned themselves with economic behavior. "Therefore ancient writings of concern to economists have dealt with commerce and trade as related to political and social stability, as well as systems of religious belief." Spengler is aware of the tendency among many contemporary historians, to start the "economic thought" clock in the late 17th century, "when a few -mainly British-writers transformed arguments, regarding trade, monetary, and tax issues, into components of an explanatory system, which Adam Smith subsequently reduced to a coherent number of principles." (Spencer 1968a pp 16–17) Spengler is unwilling to narrow our subject and profession in such a fashion, and his broader conceptions have led to study of economic thinking and thinkers in other cultures. (Spengler 1963, 1964a, 1969, 1981)

In these works Spengler relates the ideas being analyzed to the dominant philosophy currently in vogue (Platonean, Falysian, Confucian, Arthashastan versus Dharmashastan), to a given society's economic problems and practices, the relative development of its market sector, and to the particular author's role in either the private, governmental or religious establishment. He finds that despite a number of interesting phenomenological generalizations, and even some allusions to the existence of systematic relationships (especially by Ibn Khaldun, Lord Chang and Alberuni), no one even attempted to depict his economy as a holistic entity. He finds the explanation in either the dominant philosophical system in vogue (e.g. Falyfsian-Platonean) or the relative unimportance of economic matters in the thought patterns of the particular societies. These articles reveal Spengler's very broad-based evolutionary approach to the history of economics.

In line with his evolutionary preconceptions, Spengler finds the *three fundamental themes* of economics were being addressed long before economic thought was systematized and that many of today's concerns were held in common by ancient and Medieval writers. The historically changing interrelationship between these themes, namely, welfare, growth, and allocation, as manifested in particular polities, occupies an important place in Spengler's writings. (Spengler, 1970)

Welfare and Justice: A Continuing Theme

The theme receiving earliest attention, especially in Greek and Medieval writings, concerns the welfare conditions, denominated in terms of distributive and commutative justice, essential to social and political stability. Spengler's recent book, "Origins of Economic Thought and Justice" maintains that concern with economic welfare, has never been absent from social thought. He finds that justice, defined in the context of an hierarchically oriented organic society, provided the foundation for the economic writings of Aristotle and Acquinas and was utilized by Solon to raise the reputation of trade, and by Xenophon to justify monetary incentives, division of labor, and competition. (Spengler, 1980 passim) In more modern times Smith, Mill and Bentham relied upon the ordering effect of the competitive market to achieve a maximum of welfare for the entire society.

The central role of morals, justice, and welfare became increasingly attenuated with the emergence of neoclassicism, although Marshall and Pigou were always explicitly concerned with welfare and its links to morals. But most important in this regard, according to Spengler, was the Paretian recognition that the optimum level of individual welfare, identified with competitive equilibrium, did not coincide with the optimum state for a community. Spengler finds the post-1930's weak welfare principles and modern attempts to construct a value-free science, not only highly unrealistic and unserviceable but also contends that, by severing the link between welfare and justice, modern economists "have divorced thought and life, . . . while definition escaped the control of varied human experience." Despite this attempted severance Spengler argues that the political process is more likely to heed normative arguments based upon distributive equity than upon allocative efficiency.

In two works related to distributive justice, Spengler develops his own position. He begins his article, "Hierarchy versus Equality: Persisting Conflict" with a foreword from Thomas R. Malthus, whose Hobbesian philosophy he shares in some substantial measure. (Spengler 1968b p 217) The structure of society in its great features will probably always remain unchanged." Whatever its source he finds that hierarchical differentiation is an established fact in every society, and that in today's society reward differentiation, is necessary not only for economic efficiency, but also for that sufficient degree of justice requisite to long-run social order.

Spengler argues that contemporary identification of justice with equality of results, which has reinforced demands for high social minima and equality of access to education, has been an unintended by-product of "Keynesian" policies to stimulate demand. Our political leaders, he argues, frequently serve as political entrepreneurs in advancing these demands, thus, intensifying deleterious economic, social, demographic, and ecological effects. The end result is that, for the first time in human history, expectations for consumption have greatly exceeded our long run ability to produce. This artificially higher level of consumption, sustained by the polity, has also removed normal constraints on population growth.

Spengler argues that human societies have remained stable only as long as reasonable balance has been preserved between capacity to produce and consume. "Unfettered demand," says Hobbes, "of a community of men resulting from their unregulated appetites would require an absolute power to secure a 'sustainable balance' between 'demand and supply'." (Spengler 1968b pp 45 445–448) He is thus fearful of a situation in which the apparently growing imbalance between expectations and possibilities, may cause social conflict with pressure to return to an absolute Hobbesian state with its completely hierarchical system of rewards. Spengler's implied solution is a Smithian one economically, and by a "Republican" one politically.

Growth and Allocation: Modern Times

Spengler regards economic growth as the most important theme of post-1660 economic thinkers. Indeed, he contends that modern economic theory could properly be said to have had its origin in Smith's attempt to develop a theoretical system, which could identify policies and institutions most conducive to maximizing growth. The growth theme is also central to Mercantilist, Classical, and Marxian literature and is of some concern in neoclassical writings.[19] Allocation while treated by the classicalists, did not attain any degree

[19]This writer is not in agreement with Spengler on this point. However, in an article which will be cited later, Spengler acceptably qualified the issue when he points out that while the great neo-classical writers were concerned with growth and advanced some growth concepts, these theories were exogenous to their analytical systems.

of centrality until the latter part of the 19th century with the rise of marginalism.[20,21,22] (Spengler 1968a)[20,21]

Virtually every well known historian of ideas has attempted to interpret Adam Smith, and Spengler is no exception. Spengler categorizes Smith as an early institutionalist, contending that he especially emphasized the interrelationship between those market institutions which affect the prices of wage goods, and population growth. Smith is depicted as identifying material progress with economic growth. In regard to Smith's population theory, Spengler states, "Smith's population model is distributed throughout his essential macro-economic growth oriented Inquiry into the Nature and Cause of the Wealth of Nations. (Spengler 1956)[23] He also argued that the W/N's primary concern was with growth of per capita income. (Spengler 1959 passim) The consumption patterns of the various social classes, some of whom Smith categorizes in Veblen like terms, are central to ultimate output growth. These patterns determine the rate of growth of stock needed to intensify the division and employment of productive labor. Spengler's interpretation is evident in this statement; "Careful students of the classical school have described Smith as being far more interested in output augmentation than allocative efficiency." (Spengler 1959 p 5)

In light of contemporary preference for the quantitative approach Spengler considered the following question "Is Smith's theory of economic development susceptible of reduction in terms of a quantitative model?" (Spengler 1959, p 6) A model might bring out implicit assumptions of which Smith might have been unaware or did not think about, but he argues that it would exact an unacceptably high price, because it would make many functional relations constant and invariant whereas Smith stressed the highly variable character of human behavior. Among the other difficulties inherent in the formulation of a model Spengler contends that, in Smith's formulation, the rate of growth is affected by socio-political institutions and the extent to which "they allow men to freely exercise their propensities. (Spengler 1959 p 5–6) Moreover, the functional relationship between wages and population growth is highly variable whereas Smith never ascribed a particular functional relationship between the rate of return on capital and capital accumulation. It would, have been appropriate for Spengler to add that Smith did not think in terms of dependent and independent variables, but instead of interreaction and feedback relationships, as is characteristic of evolutionary and institutionalist thought.[24]

If there is any economist for whom Spengler manifests any significant degree of sympathy, it is Thomas Malthus.[25] This sentiment was induced by his early belief that the anti-Malthusians had portrayed Malthus as an uncaring aristocrat, anxious only to rationalize the landlords "high" share of national income. Spengler feels it unfortunate, that Malthus by renouncing scholarly objectivity, in his ill advised attempt to dramatize his position through his famous ratios and strident statement, which concludes with "begone, begone," helped foster this antipithetic view.

Spengler argues that the anti-Malthusians failed to interpret Malthus's "Essay" in the context of his time. When that work was written Malthus' careful estimates correctly indicated that, in the "land based" British economy, population was not only growing unprecedentedly but also at a higher rate than that of agricultural output. Put in the context of limited nonreproducible resources, Malthus not only makes sense for industrialized societies, but his ideas are also valid for most of the remaining land-based underdeveloped parts of the world. Thus, by putting the Malthusian old wine in the new bottle of modern thought regarding limiting resources, Spengler forcefully argues that Malthus' ideas have traveled well.

Spengler conceives of Malthus's famous disagreement with the noted humanitarian optimist Thomas Godwin as arising from concern about English poverty and his Hobbsean inspired rejection of the almost utopian optimism manifested in Godwins' "Enquiry Concerning Human Justice (1793)." His article, "Malthus on Godwin's 'Of Population'"shows his tenacity as a scholar. By comparing Godwin's 1820 work, which Malthus had reviewed anonymously in the Edinburg Review, with Malthus's virtually contemporaneous third edition, Spengler showed that the two protagonists had come much closer than indicated by that harsh review. Spengler finds that Malthus had become considerably more optimistic regarding man's disposition to restrain his numbers while on the other hand Godwin had become much more pessimistic about human prospects without population constraining institutions. Thus, Spengler through his careful scholarship, presents a view of Malthus more benevolent than that resulting from the "strong" first and second editions of the "Essay." He views Malthus as an institutionalist, who visualized population control, primarily, in terms of developing appropriate institutions for affectuating same.[26] (Spengler 1971 pp 8–9)

In "Malthus the Malthusian versus Malthus the Economist" Spengler shows that, Malthus' position in the Corn Law controversy was consistent with both his demographic and patriotic concerns. Malthus's basic argument was that by substantially reducing the price of wage goods, barriers militating against growth of population would be reduced. Interestingly, Malthus argued that with the price of food kept high, workers would be motivated to work much harder, to buy at least a few "superfluities" while avoiding the fate of Bruges and Venice in which a "commercial state would have to rely on outside food sources, which could be interrupted." (Spengler, 1957) Greater consumption of unproductive services, could Malthus maintained, provide balance between what later was to be termed aggregate supply and demand. (Spengler 1965) Malthus had greater understanding of institutions than Ricardo and so was more often right than wrong. These scholarly efforts on Malthus' behalf helped initiate a trend which resulted in a revised reappraisal of Malthus as a person, and social scientist.

Spengler's "The Marginal Revolution and Concern with Economic Growth" (Spengler 1972) was designed to show the considerable extent to which the marginalists maintained interest in "growth." Although showing that early marginalists (especially Longfield and Von Thünen) were able to incorporate economic growth into their analytical systems, he also reveals that leading neo-classical marginalists, notably Marshall, and Jevons, treated the subject extensively in their more "empirical" works although they were unable to incorporate that matter into their closed analytical frameworks.

[20]Spengler finds that the post-1930 "Welfare Economics" has little or no practical meaning in developing policies which would promote welfare.

[21]A common set of concerns or themes combined with a few fundamental approaches are required in order to establish a "Profession." According to Spengler one cannot speak of the profession of economist without identifying its common themes and fundamental models.

[22]Macro-economists would be classified by Spengler as, in the main, emphasizing growth even though the Keynesian model is essentially static.

[23]This view of Smith as an Institutionalist is one I share with Spengler. See my "What Kind of Institutionalist was Adam Smith," JEI, June 1979.

[24]This is my comment but one which in private conversation Spengler acquiesed to.

[25]These sympathies are apparent in Spengler's treatment of Malthus as well as in his quotation of Malthus in his "Return to Thomas Hobbes" article.

[26]Spengler cites John R. Commons who calls Malthus the father of institutionalist thought. Malthus's concept of institutions was relatively close to that of Commons'.

Spengler's "discovery" of hitherto little known economists has made us aware of our tendency to neglect innovative thinkers whose work places them outside the profession's "mainstream." John Rae, a 19th century Canadian follower of List, made important contributions (well beyond List) towards formulating a theory of the development of new countries. (Spengler 1959b)

Spengler also authored a number of excellent articles regarding the population views of such "thought creators" as Marshall, Veblen, Pareto, and Cassel. He shows that only Cassel, like himself a firm advocate of birth control, developed population concepts exogenous to his analytical system.

A number of Spengler's articles addressed to the problems of pricing under noncompetitive conditions, antitrust legislation, public utility regulation, and kinked demand curves, again demonstrate his evolutionary approach. For example, while outwardly analyzing the effect of monopolistic competition upon urban land prices, (Spengler 1946) Spengler traces the development of that type of theory, in terms of its antecendents, and anticipators. He relates the competing Robinson-Chamberlin formulations to their differences in both heuristic purposes and ideological preconceptions.

Another of Spengler's relatively obscure but, nevertheless, significant contribution is his "Evolutionary Thought in America." Here he uses his substantial biological knowledge to develop alternative emphases of Darwinian evolution, which he applies to different socio-economic approaches, ranging from the Spencerian survival of the fittest argument, to Veblen's strictures for an evolutionary science, and to current formulations of dynamic growth theory. He argues that a basic anomaly will have to be overcome before the neoclassical and evolutionary approaches can ever be reconciled. One system assumes normal tendencies toward balance and equilibrium, while the other postulates imbalance, constant change, and disequilibrium. (Spengler 1952b, 1960)

In "Evolutionism" Spengler not only reveals two of his unsung "heroes," T. N. Carver and Simon Patten, but also reveals his own philosophy of knowledge. He is especially laudatory of Simon H. Patten, whose evolutionary "Stages of Progress," are resurrected as a major overlooked American contribution. Patten, tracing the shift from an economy based upon pain, to pleasure, and finally to creativity, shows that this process required analogous evolutionary changes in economic and social organization, and types of social thought. (Spengler 1952b pp 235–238)

Due possibly to what he laments as the unfortunate decline of institutionalism, Spengler contends that not only has evolutionism failed to play a prominent role in post-1930 American thought, but also its relative demise has led to an unfortunate stress upon "a once at a time approach." He deplores that many emerging fields which should be evolutionary among then industrial organization, location theory, and economic development, are conceived in static comparative advantage terms. A major attraction of Marxism, is that it is in large measure evolutionary and "embraces" all the social sciences as well as taking into account "orthogenic drifts" in the economy.

Spengler argues that present day microeconomists have tended either to overlook, or deem outside the scope of economics, such evolutionary factors as the decline of competition, and the possibly countervailing development of favorable economic variations. He argues that contemporary economics is far less dynamic than it needs to be in light of contemporary social theory, with its emphasis upon the predominantly man-made nature of Western man's environment and the essential social character of human activity.

The Economist's Ideas and His Professional Milieu

A fundamental facet of Spengler's interest in the ebb and flow of economic ideas is their relationship to the development of a corpus of concepts required for the delineation of a professional group. His institutionalist inspired view that economic ideas be judged in terms of their serviceability is evident not only in his seminal 1968 work but also throughout much of his writings. (Spengler 1968a)

In his "Institutions, Institutionalism 1776–1974," Spengler not only reviews the demise of institutionalism as a major school of thought but also delineates the conditions he believes are essential to the development of an integrated corpus of institutionalist thought. These are: 1) an allocation system; 2) a matrix of institutions; and 3) a consensual conduct affecting social welfare system. He argues that to an appreciable extent the great classicists mapped sufficiently closely to institutional reality to satisfy those requisites. But with the emergence of a professional body centered around a marginalist formulation, which almost completely abstracted from institutions, the departure from reality brought about an inevitable counteraction. Spengler finds that the institutional "school's" unfortunate inability to delineate its scope and analytical apparatus, and to develop articulate young economists comparable to those who sharpened and publicized the ideas of J. M. Keynes, led to its eclipse by Keynesian ideas.[27] (Spengler 1974b pp 8–9)

In his essay, honoring Nicholas Georgescu Roegen, "The Population Problem, Its Changing Character and Dimensions," Spengler linked his thinking about the directions of economic thought to his lifelong concerns about the world's overriding resource and population problems. He relates the "population problem" to limitational factors not surmountable through technological substitution and traces their evolution of from less developed "Malthusian" type land based economies, to those in the complex multifactor Western world. In the latter, massive increases in demand for the limited nonreproducible resources, resulting from unprecedented increases in per capita consumption, poses a far greater threat than increases in population.

Spengler agrees with Georgescu's critique of the market's inability to accord equal consideration to the economic welfare of future generations. He states, "The market system by itself results in resources being consumed in higher amounts by early generations . . . the market system cannot protect mankind from future ecological crises let alone allocate resources optimally among generations." (Spengler 1974a, p. 16) In a previous work which anticipated today's ecological concerns, Spengler stated, "The dynamics of culture, production and consumption serve only to change the character of these (limitative) factors, in fact, if one ceases to be operative others more potentially disruptive than those postulated by Malthus are brought into being." (Spengler 1954b p 242)

Spengler, is highly critical of the manner in which the economics profession, has evolved, especially after World War II. In two major articles, he saw too much in our profession that he termed disfunctional and socially disserviceable.[28]

[27]Spengler specifies his predilections about the directions such institutional economics must take. "The role of institutional economics becomes in part an engineering and architectural one—that of discovering optimality in the size and role assignments of institutional structures conditioning economic allocation." "Institutions, Institutionalism," Ibid., p. 8–9.

[28]In another article "Homosphere, Seen and Unseen" published in the proceeding of the Western Water Conference in 1975, Spengler is even more pessimistic, stating: "Currently there is little ground for optimism. Man's objective world has taken over his subjective

In his article "Hubris" he defined that term as arrogance and accuses modern social scientists—especially economists—of collective Hubris. (Spengler 1972a) He states, "Only with Keynesian economics and the emergence of governmental responsibility for full employment could economists primarily become a priestly caste. Neither Walras nor Marshall fathered Hubris. It was Keynes who made possible the rise of an economic mandarinate together with an intellectual climate conducive to Hubris . . ." (Spengler 1972a p 7)

The nature of our Hubris lies in the belief that economists have solutions to complex problems. Spengler argues that economic solutions have been subordinated to political needs with the consent, if not encouragement, of economists. He argues that such politically inspired solutions to essentially economic issues are always disastrous. Much of this arrogance stems from the view that economics is a discipline akin to the natural sciences, which overlooks the fact that economics presents more difficult problems. Even careful social research, Spengler argues, tends to result in dangerously simple policy instruments which tend to disregard costs, externalities, and many relevant elements, processes, functional relations, not to mention important feedbacks. (Spengler 1972a pp 8–9)

Spengler's own statements are far more devastating than any possible rephrasing of them by this author. He stated: "Increase in the number of social scientists has also been accompanied by a marked growth in the financial support of social science research, though not by a corresponding amount of analytical progress and information suited to solve man's ills, social and otherwise. Much of it (research) deals with trivia, is informed by little imagination, and is of little relevance . . . It is largely confined to quantitative inquiry into observable behavioral regularities, to the neglect of intermediate variables that seldom are to be gotten at with the instruments of a single discipline. It tends to remain under the empire of a self-sustaining elite which, controls the perimeters of inquiry, . . . and thereby transforms what should be quality-enforcing rules into rules making for licensure, monopoly, and thought control." (Spengler 1968a, p 8) In similar vein his earlier 1968 JEI article argued that the internal climate of economics is overly shaped by "whims" of ivory tower practitioners, who not only tend to be less favorable to the acceptance of new ideas but who also unduly justify "sophistication for its own sake."[29]

Though scornful of our profession's growing tendency toward specialization in regard to its future orientation he perhaps over-optimistically states, "Man is not entirely without hope. He can dethrone specialists and replace them with generalists. This philosophy must be systems oriented alert to all the elements present in life and work. (Spengler 1972a p 10)

There is no doubt that Joseph Spengler's concept of the craft of the economist, in general, and the historian of economics, in particular, is highly individualized. The depth of his multi-disciplinary knowledge, which is indigenous to the way he has crafted his ideas and generated his conclusions cannot be replicated in today's graduate school environment. He is literally one of a kind.

largely depriving him of control over the course of events substituting faith in gadgets and mechanical solutions for confidence in moral rules and a moral consensus."

[29]Among other developments adverse to our profession, during this period of increasing model building sophistication which Spengler cites in his Golden Age article (Spengler 1974c) was the decline of both interest and in the number of courses dealing with Economic History and the History of Ideas. He not only does not believe that competent professional economists can be turned out without these types of understanding but also vehemently deplores our tendency to permit the substitution of mathematics, statistics and computer courses for the foreign language requirements which used to prevail.

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