

LOGOS ABUSED

The Decadence and Tyranny of Abstract Reasoning in Economics

Mason Gaffney, 3 January 1990

The writer acknowledges the role and value of abstract reasoning in economics. He has done his share of it, and is not reacting against rationalism or marginalism. Abstract, however, should not mean abstruse or obscure; theoretical should not mean irrelevant or impractical; ideal should not mean intolerant or imperialistic. Theorists are increasingly scorning those rules and carrying their work beyond its proper role to extremes of abstrusity, irrelevance and presumption that are damaging and screening out students and writers whose purpose is to understand and apply economic reasoning to the human condition. This paper seeks through historical parallels to understand the animus behind that movement, and suggest how to check its excesses.

1. Six kinds of cognition

There are different methods of cognition (knowing, understanding and ordering the data of the senses). Our concern is with cognition of social life, including relationships of property, markets, contracts and inheritance. The Greeks had a word for each method of cognition.¹

- A. *Chaos*, raw data without ordering or understanding. Viewed favorably, chaos is liberating and objective. Observing data chaotically, without preconceived ordering, is a precondition of creative work and inductive reasoning that leads to generalizations, hypotheses and theories to serve as premises for later deductive reasoning. Viewed pejoratively chaos is scatterbrained. Viewed as mediocrity, chaos is description and reporting, or mindless bean-counting, answers without questions.
- B. *Pathos*, elemental feelings: love, hate, security, anxiety, comfort, hunger, excitement, boredom, compassion, greed, loyalty, ambition, pride, guilt, lust, jealousy, community, alienation, fellow-feeling, rivalry, charity, possessiveness, service, selfishness, etc. These are the basis of consumer wants. Merely to list those few gives a notion how hard it is to reduce them to symbols and abstractions.
- C. *Mysterion*, or mystery: faith, belief, hope, fear, devotion, piety, consecration, sanctification, worship, prayer, occultism, mysticism, animism, spiritualism, aspiration, convictions about the unknown and unknowable.
- D. *Hierarches*, or corporate organization, with ranking and authority, creed and dogma, orthodoxy and heresy, law and order, pageant and ritual, test and certification, code and discipline, income and property, fund and disbursement, owner and tenant, taboo and enjoinder, text and censor.
- E. *Logos*, or pure metaphysical a priori reasoning from axioms, using mathematics, logic and dialectic, with allegories, symbols, abstractions, universals and generalizations.

¹My purpose in using the Greek words is to avoid the multiple meanings familiar words carry; submerge individual idiosyncrasies of usage; and label my organizing concepts distinctively.

Theologians use *Logos* as divine wisdom; we use it here for human attempts to attain something comparably universal, attempts some might consider presumptuous.

- F. *Sophia*, or wisdom: reason applied to human problems, tempered by experience, judgment, circumstances, ethics, justice, mores, institutions, administrability, etc.

The evolution of social thought leads ideally through E to F, but historically E has been a roadblock. *Logos*, partly from its difficult nature, more so from the exclusionary pretensions of its practitioners, repels many persons, who take refuge in A, B and C. In addition, leaders of D are skilled at coopting practitioners of E.

2. *Logos* run wild: neo-Platonism

Neo-Platonism, in the decadent period of Roman-Hellenistic power and culture, developed E to extremes which identify and symbolize the genus *Logos*, pure and picked clean of any *Chaos* or *Pathos*. Abstract forms are the only realities (Plotinus of Alexandria, 3d century A.D.). Matter and spirit are mutually hostile elements. The body is the prison of the soul, an emanation of the divine mind which contains all the “real” Platonic forms. Objects (events are not mentioned) in the apparent world are just poor imitations of these ideal forms.

The system of Platonic forms is logically rigid in detail. Allegories explain more than apparent events. Thought is rarefied, ethereal, otherworldly. In Plotinus’ period, asceticism and mortification of the flesh were in vogue. The object of the soul is to escape the confines of matter and regain the divine essence whence it came. Through repeated exercises of mysticism (combining C and E) one may reach “the one,” the all-surpassing glory of life. What most people call “life” is merely what happens while anchorites and monastics meditate on its deeper meaning.

Rene Descartes, founder of analytic geometry, led a revival of neo-Platonism in the early 17th Century. Ambition and his “dream of reason” led the great mathematician before a fall. He aspired to impose mathematical method on all fields of knowledge. Mind was separate from matter, and prior to it: “I think, therefore I am.” His “Vortex Theory” of astronomy, however, defied plain facts and was soon demolished by an earthier observer and cogitator who began wondering why an apple fell on his head. Newton’s apple was clearly from the Tree of Knowledge, forbidden by both *Mysterion* and Descartes’ *a priori Logos*.

3. *Hierarches*: order and assimilation

In the 4th century, it is said, “The Church supplanted Christianity,” meaning D, *Hierarches*, supplanted C, *Mysterion*. D did not destroy C, but absorbed it. That was easy, mystery and hierarchy had long histories together.

Over centuries The Church proved adept at coopting wave after wave of evangelical reformers moved by spontaneous *Mysterion*. It converted them to religious orders: Cluniacs, Benedictines, Cistercians, Carthusians, Dominicans, Franciscans, Jesuits, ... it is a long list. The idea was to bring contagious movements within control of The Church, where they could absorb critical tendencies under watchful eyes.

The operative rule is that wealth undermines zeal. Zealots who would not hold property and had communistic ideals were particularly trying, therefore, especially while their dedicated founders retained control. The stubbornest cases (Albigensians, Waldensians, Anabaptists) had to be exterminated by burning. The Church prevailed even over the saintly, gentle Francis of Assisi: not long after his death in 1226 A.D. Franciscans with stipends were helping Dominicans administer The Inquisition.

Assimilating evangelicals was perhaps enough to satisfy the credulous majority. However, for the troublesome intellectual minority *Logos* is always an issue. To placate or dominate the intellectuals, *Hierarches* also absorbed E, *Logos*. Platonic formalism made that easier; formalism tends toward authoritarianism. Plato's *Republic* is acknowledged today as a fascist model. Augustine's *City of God* was a Platonic prototype of spirit separated from flesh. In this city an elite, chosen by God, were "predestined" for salvation hereafter (and to rule today).

Clement and Origen taught the Sacred Writings are allegories. They were moving from C, *Mysterion*, toward E, *Logos*. The simple may take Scriptures literally; the sophisticated read between the lines. They see deeper truth in the metaphor, the significance behind the meaning. Some of this significance is social.

The social corollaries of Platonism add powerful political-economic support. Imputing reality to abstractions helps give binding force to commitments made in the names of universals (The United States, Dartmouth College, General Motors, City of Chicago) by particular individuals: commitments like land titles, bonds, franchises, etc. Hierarchies themselves are Platonic forms: tables of organization that transcend individuals. Thus it may be that Platonism has socially conservative implications, if by "conservatism" we mean not individualism but tradition, vested interest, property, statism, corporatism, etc.

In Education, Platonism is prized to combat the menace of social relevancy. Universities do not become ivory towers and sanctuaries from reality by accident. Pragmatism applied to public policy leads inevitably to questions about origins and validity of property, distribution of wealth, basic values of consumption, the costs, benefits and beneficiaries of public works, and leadership of the polity.

For example, John Dewey the pragmatist was a social radical, troublesome for Columbia President Nicholas Murray Butler. John Locke was exiled; his contemporary Isaac Newton was spared that fate. Newton may have been more radical intellectually, but not socially. Thorstein Veblen, John R. Commons and other Institutionalist economists were social critics. The *Hierarches* feels threatened and may strike back. Platonic detachment is a refuge for besieged or lazy Administrators, a very present help in time of trouble.²

Mysterion, *Hierarches* and *Logos* also merge when reasoning is so difficult, or made so difficult it mystifies and intimidates. Abstract reasoning and theory have an important place in economics, but in evaluating specifics the sincere inquirer must always judge them on grounds of

²These points were developed at length in Upton Sinclair, *The Goose Step, a Study of Education in America*; and Thorstein Veblen, *The Higher Learning in America*. *Hierarches* assimilated Veblen, and survived Sinclair. Nothing comparable has appeared since 1922, not from lack of provocation and need. Is there a weakening of the cultural matrix that once produced such bold and trenchant dissections of pretense and hypocrisy?

clarity and utility. He rejects whatever works to mystify or intimidate, rather than edify and empower the audience.

Hierarchy, however, usually takes the opposite view. Its task is to absorb and neutralize what is socially challenging, pertinent or threatening. To this end it converts problem-solving reasoning to arid abstractions and conundrums of the *Logos*, leading students on an endless paper chase. Hierarchy does not deliver on the implied promise of a Holy Grail of Enlightenment at the end of the chase. The exhausted survivors, like hazed fraternity members, turn their frustration and spite on the next generation in a treadmill of futility.

4. Intellectual Imperialism

Mysterion, *Hierarches* and *Logos* join in their claims of exclusiveness. They define and enforce orthodoxy. As independent prophets disturbed the constituted authorities of the medieval Church, so they threaten authorities of modern Academe.

The Churches at times persecuted heretics. It was necessary to establish that no priest is free to ignore the statutes of the Apostolic See. Forgery, murder, torture, even extermination were acceptable methods, failing friendly persuasion or ordinary intimidation.

In modern Academe Liberalism proscribes overt Inquisitions on the old models. The new technique is crowding-out: Orthodoxy and Authority crowd Heresy out of the curriculum by piling on required “theory” studies, controlled by Orthodoxy. The idea is to preempt students’ limited time and attention, just as monopolies control markets by preempting key resources.

Economists who teach the science of allocating scarce means among competing ends know full well students’ time is one of those scarce means. Time may be infinite, and that informs the rhetoric when new requirements are added; but students’ time is finite. Therefore “Exclusion is also part of knowledge,” an observation worthy of an economist but coming from physicist Michael Faraday.

To doubly limit students’ time hierarchs press us to lower the “normative time to degree,” constricting the later end of students’ freedom. The other pincer attacks the earlier end, extending the required core theory courses. Together the pincers curtail the creative period of restless, troublesome innovation. Such are the ways of orthodoxy, suffocating and oppressive.

The pincer at the front end not only crowds out, it screens out. Screening is doubly important today when *Hierarches* has lost its ancient weapons of Interdiction and Excommunication, reinforced by The Curse of Anathema and the fear of hell. Now scholars get tenure; mistakes are unerasable, and must be aborted.

Orthodoxy keeps the gate and judges who may enter. In the process of judging and screening it indoctrinates, by establishing a monopoly over theory. “Intelligence,” says Henri Bergson, “is the faculty of manufacturing artificial objects, especially tools to make tools.” Theory supplies the machine tools of thinking. Who controls theory has a powerful grip on how students are to think. Students seeking order from the chaos of disputed data and swirling, competing models in a complex discipline grasp for a system, an ordered framework offering refuge from *Chaos*. The first and only system they have to study gets a long jump on the competition.

These theory requirements are metaphysical, that is *Logos*, pure reason, whose application to the actual human condition is a *Mysterion* which never gets to *Sophia* (wisdom). The metaphysic may be highly formal, rigorous and demanding, which enhances its exclusiveness. The tendency in modern Academe, as in the medieval church, is toward ever more ceremonial formality to crowd out content. Isidore of Seville, a 7th Century authoritarian, at least sought to preserve the work of the past. Modern metaphysics crowds out not just *Sophia* but *Clio* as well, with her large portion of *Sophia*. Thus surviving students gain Doctorates knowing neither where we are, nor how we got here.

Waldensians in the 12th Century, and soon Franciscans too, preached without formal training or ordination. When *Hierarches* assimilated the Franciscans they insisted university training was necessary for efficient preaching. *Hierarches* conferred (or withheld) the right to preach. Soon Francis' original sense of mission was lost, and Franciscans were part of the hierarchy. Viewing modern university training in economics it is easy to imagine how the process worked then, and crystal clear how it works now.

5. Exclusionary Codes and Languages

Exclusionists enhance their claims by proscribing Vernacular communication. Donatus, Latin grammarian and stylist of the 4th Century, made an art of Latin which served as the intellectual medium for a millennium. Dark-Ages' scholars were so uncreative they limited themselves to commenting on Donatus most of that time.

Boethius, famous for translating Aristotle in the 6th Century, translated the Greek only into Latin. That was reasonable for him, a Roman, but it went no further. So narrow was the circle that we find St. Thomas Aquinas and the Scholastic movement in the 13th century reviving Boethius' favorite project of reconciling Faith and Reason (*Mysterion* and *Logos*). Not until printing and the Gutenberg Bible was the Scripture, the basis of medieval intellectual life, available in any Vernacular. Exclusiveness was assured by restricting discourse to a dead foreign language, known only to an elect few who, having learned Latin developed *ipso facto* a vested interest in it. Understanding was not the main idea. As Anselm said, "If he can understand it, let him thank God. If he cannot, let him not raise his head in opposition but bow in reverence." Anselm was canonized.

The method of modern exclusionists is no longer the use of Latin, but of new Cabalistic symbols impenetrable to most readers. A few persons may enter the cartel by accepting indoctrination via these new Codes, but entry of new scholars provokes the development of new, more abstruse Codes. The Cult of Progress having replaced the Cult of Antiquity, all this is done in her good name, on a sweaty treadmill going nowhere.

Baruch Spinoza, 17th century philosopher, laid down a few rules of teaching. Rule #1 is "To speak in a manner comprehensible to the people..." He was called arrogant. If this be arrogance, the standard curricula of today are humble indeed, where "comprehensible is reprehensible," and standard authorities patronize plain talk as vulgar populism. Is it really appropriate that the people's University should communicate only internally and in private glossalalia? In our competitive pursuit of specious prestige and respectability, as connoted by difficulty, many use

obscurity in lieu of authentic high standards with useful substantive content and constructive purpose.

Spinoza exemplifies the danger to hierarchs of philosophers who communicate with common folk. He strayed into a *Tractatus Politicus* presuming to deal with public affairs, where his policy positions were quite leveling.

“The military basis of democracy should be universal military service, ...; its fiscal basis should be the single tax. ‘The fields and the whole soil ... should be public property, ... let at a yearly rental to the citizen; ... and with this exception let them all be free from every kind of taxation in time of peace.’” (op. cit., p.195, citing from *Tractatus Politicus*, ch.6).

Spinoza was prescient, anticipating the brain drain that besets cities, states, provinces and countries that support education handsomely by use of job-aborting tax systems (like the high VAT of Ireland, the sales and excise taxes of The Philippines) which in turn close off opportunities for the graduates, who then emigrate along with their stored-up human capital.

6. The Cult of Rigor

Authority (*apomnemonysis*) and Obscurity are reinforced by a call for Rigor, perhaps echoing Calvin’s revival of the ascetic notion that penance improves the character. What is “Rigor” that we should be mindful of it? Rigor is “Harsh inflexibility in opinion, temper, or judgment; the quality of being unyielding or inflexible; severity of life; strictness, severity or cruelty; a condition that makes life difficult, challenging, or uncomfortable; strict precision; rigidity or torpor of organs or tissue that prevents response to stimuli.” (Merriam-Webster’s Collegiate, 9th Ed.)

The last meaning is most familiar, and just a step short of *rigor mortis*, its logical extension. *Rigor* without *mors* is a cruel punishment. Excessive Rigor atrophies the right hemisphere of the brain, the creative, intuitive half that thrives on *Chaos* and *Pathos*. The trick of course is to bring order out of *Chaos* and *Pathos* without killing creativity. The Cult of Rigor would maintain order, its own order, at whatever cost.

None of the values in the definition of Rigor look very positive except for the “strict precision,” and we might well even sacrifice that if the rest of the baggage must come along. Even strict precision may be useless in evaluating imprecise but important economic ideas and phenomena such as expectations, uncertainty, animal spirits, taste formation, the interface of law and economics, paranoia and the military budget, or the case for inheritance taxation.

There is little Rigor in the relevant and important observation “Corporations have neither bodies to be kicked, nor souls to be damned”? Where do we stand on Matthew Arnold’s thought, “Inequality materializes our upper class, vulgarizes our middle class, and brutalizes our lower class”? Or Confucius, “The superior man understands what is right; the inferior man understands what will sell.” Or Cicero, “..there is nothing so characteristic of narrowness and littleness of soul as the love of riches; and there is nothing more honorable or noble than indifference to money.”

Francis Bacon wrote “There are four classes of idols which beset men’s minds: Idols of the Tribe, of the Cave, of the Market-place, and of the Theatre.” (*Novum Organum*, 1620) Is our supposed rigor just another Idol, after all, and we Idolaters? Bacon went on

“all the received systems of philosophy are but so many stage-plays, representing worlds of their own creation after an unreal and scenic fashion....And in the plays of this philosophic theatre you may observe the same thing which is found in the theater of the poets, —that stories invented for the stage are more compact and elegant, and more as we would wish them to be, than true stories out of history.”

True stories out of history are both more realistic and more interesting than enduring rigors; let students get at them.

Serious students accept the need to endure some mortification of the flesh to learn and achieve. The cruelty of Rigor is it mortifies the flesh without uplifting the spirit, which instead it shrivels. Most students see through its pretensions and would flee its arid, sterile tribulations. It is not marketable: Platonic economics is as dry as Platonic love.

To overcome resistance we force students into rigors in the name of Quality, with the implied promise they later may study humane topics actually bearing on the human condition, the interest that drew them to us originally. However, many of them see through these Platonic methods as the infinite digression (*apoplanesis*) that they are, and how they are to dominate later studies as well —why else are they The Core? Many, perhaps most excellent students lose interest, swallow their losses and drop out quietly, not wanting to advertise their “failure.”

7. Shame of Arrogance: the Precept of Conformity and Humility

To maintain control in a more democratic time, the Cult of Conformity has replaced the Cult of Authority. Now the cry is we must learn to read certain journals previously captured by the exclusionists. These become the new Sacred Texts and Canon of Orthodoxy.

Erigena, Carolingian scholar considered the one original thinker of the Dark Ages, wrote “All authority which is not approved by reason seems weak.” That seems too obvious to recite today, until we think how the Argument from Conformity (*apodixis*) has become the new Argument from Authority (*apomnemynosis*). Scotus continued, “But true reason, since it is established in its own strength, needs to be strengthened by the assent of no authority.” How does Authority answer the challenge?

It is traditional for *Hierarches* to shame independent thinkers as “arrogant.” The Deacon of Lyons condemned Scotus for “daring to define with his own presumption what should be held and followed.” Eight centuries later Baruch Spinoza, one of the rare original and relevant thinkers, received similar treatment. A former student, Albert Burgh, reverted to Orthodoxy and addressed Spinoza thus:

“How dare you set yourself up above all the patriarchs, prophets, apostles, martyrs, doctors and confessors of the Church? Miserable man and worm upon the earth that you are, yea, ashes and food for worms, how can you confront the eternal wisdom with your unspeakable blasphemy. ... What devilish pride puffs you up to pass judgment on mysteries which Catholics themselves declare to be incomprehensible?” (cited in Durant, *Story of Philosophy*, p.159).

This appeal to general practice was an old rhetorical ruse. Aristotle called it *apodixis*. Burgh’s modern disciples use *apodixis* rather like this. We must teach what is taught in “respectable”

departments elsewhere. Such topics are “minimal essential knowledge for a modern economist,” with which “all students should be familiar.” Like Burgh, the modern authoritarian also trashes deviants with a post-Greek concept, shame and guilt. To think otherwise than the respectable herd is “arrogant.” Who can defend against that before a modern academic Sanhedrin?

“Respectable,” I suggest, is an offensive term because of the value-system it exalts and dictates. It idolizes the herd instinct, the Idols of the Tribe. It is, one may object, an elitist herd, one above the common. However every herd thus fancies itself. No herd was ever universal, only truth is that. Let us therefore seek not respectability, but respect.

Spinoza, born Jewish, got no comfort from the Synagogue of Amsterdam. In excommunicating Spinoza its leaders also remarked on the “insolence with which these heresies are promulgated.” (op. cit., p.153.) No one was to “read any document dictated by him, or written by his hand.” Thus the mindset that imputed insolence moved directly to censorship, a point to be well noted in the modern context.

Durant expands on Spinoza’s arrogance:

“Spinoza has not much use for humility; it is either the hypocrisy of a schemer or the timidity of a slave; it implies the absence of power —whereas to Spinoza all virtues are forms of ability and power. ... ‘humility is very rare’; and as Cicero said, even the philosophers who write books in its praise take care to put their names on the title-page. ‘One who despises himself is nearest to a proud man,’ ... And whereas Spinoza dislikes humility he admires modesty, and objects to a pride that is not ‘tenoned and mortised’ in deeds.” (ibid., pp.181-82).

Spinoza even arrogantly refused the Chair of Philosophy at Heidelberg, even though he was assured “the most perfect freedom in philosophizing, which His Highness feels assured you would not abuse by calling in question the established religion of the state.” (ibid., p.161). *Hierarches* would patronize *Logos*, if *Logos* would kneel.

It reckoned without Spinoza’s *Sophia* (observation and judgment). Spinoza anticipated our present condition, writing “Academies that are founded at the public expense are instituted not so much to cultivate men’s natural abilities as to restrain them.” (op. cit., p.194). He advocated a freedom wherein, “..everyone that asks leave is allowed to teach publicly, at his own cost and risk.” Such arrogance! Obviously he believed his business would survive in the competition, perhaps because of his Rule #1, “To speak in a manner comprehensible to the people.”

Thus arrogance leads to self-deprivation or ingratitude to patrons. A modern university Chancellor might well reprobate it as reaping the punishment it deserves. Yet should we not rather admire and support those who deny themselves sure conventional rewards in order to guard their freedom to pursue truth? History has treated Spinoza with more respect than did the organization-men of his day, or than history has treated them, whom it has forgotten except as his arrogance exposed their presumption, tyranny and hypocrisy.

Another arrogant philosopher was Immanuel Kant, who immodestly prefaces his *Critique of Pure Reason*: “...there ought not to be one single metaphysical problem that has not been solved here.” With such proud egotism nature spurs us on to creation. In his arrogance Kant, like Spinoza and Bacon, rejected pure *a priorism* with its pretense of Rigor. Observing the enduring reputation of Kant, perhaps arrogance is preferable to the humility of those who, in humbly pursuing only respectability attain only humble goals.

The danger in such a man, of course, is he may speak out on public affairs, and Kant did so under the very nose and guns of Frederick the Great. Kant, in *Eternal Peace*, condemned imperialism, land-grabbing, conscription, and privileges of rank and class, and promoted subversions like democracy and world government.

Most moderns would give lip-service to Scotus, Spinoza, Bacon and Kant, their heresies safely buried in the distant past. Yet the ghosts of The Lyons' Deacon, Albert Burgh, the Synagogue of Amsterdam and His Highness prevail in molding and casting modern economics' curricula.

Would Spinoza, Bacon or Kant find refuge in Academe today? Would Tom Paine find happiness under Mrs. Grundy? In an unreasonable age, a man's reason let loose might undo him. Let us do better, though, than stepping aside nimbly while ignorant armies clash by night. Let us be arrogant enough to follow our own beliefs to the extent of framing a curriculum on what we perceive to be its merits. Let us be too arrogant to follow the moods and caprices of the day, as women change their hemlines and men their lapels. A great philosophy is not a philosophy without reproach but without fear.

8. Exhibitionism

Those who chastise arrogance in others are not always modest about parading their own mastery over forms and symbols. Roger Bacon, 13th Century pioneer of observant and experimental science, also observed his colleagues The Schoolmen.

“There are four chief obstacles in grasping truth, which hinder every man, however learned, and scarcely allow any one to win a clear title to learning, namely, submission to faulty and unworthy authority, influence of custom, popular prejudice, and concealment of our own ignorance accompanied by an ostentatious display of our knowledge.” (Roger Bacon, *Opus Majus*).

How vulnerable most students are to the last, and what clever mimics some are. What little prigs and pedants they become if we train them only by heaping doctrine upon doctrine, rather than urging them to frame and evaluate hypotheses to solve problems they perceive around them.

It is not surprising Bacon was repeatedly censured for such thoughts as those cited, and finally imprisoned. Bacon predicted, among other things, the development of flying machines. Do not the words quoted also predict the decadence of modern economic theory?

9. Decadence and Cults of Minutiae

Medieval philosophy rose no higher than seeking to reconcile Faith and Reason, *Mysterion* and *Logos*. It would bring all knowledge into one coherent system subordinate to theology, using methods of Aristotelian logic. The effort enlisted the genius of St. Thomas Aquinas, yet failed. St. Bernard rejected it because it was not Faith; the modern world rejects it because it is not science.

After the Scholastic climax of the 13th Century, the extreme rationality and subtlety of later Scholasticism no longer satisfied people's curiosity. The problems it addressed no longer seemed applicable to the society of which they were a part. It was noted an emphasis on style and form betrayed the absence of a vital subject matter. Later schoolmen, dominating many universities,

had ample chance to build up a rounded system of belief but did not seize it in any important way.

They continued to dispute each other on minutiae of less and less moment, excelling more in subtle quibbling (*leptologia*) than overall rationality, reducing speculation to clever logical calisthenics. The necessity for absorbing Greek and Arabic philosophy crowded out any study like literature that might liberate the spirit. Presently the disappointed world turned away from *Logos* and *Hierarches* both, back to the *Mysterion* of Martin Luther. May we not expect a similar reaction to the triviality, subtlety and irrelevance of modern economic theory?

Lester Thurow (a preacher's son) draws a parallel between the contemporary return to fundamentalism in religion and the return to uncritical market fundamentalism and deregulationism in economic thought and policy. Reacting to modern Scholastics who make simple things complicated, people turn back to fundamentalists who make complicated things simple. Is anyone optimizing? That is our job; let's do it.

10. The Enlightenment: an outbreak of Sophia

In the 17th Century there came finally a use of *Logos* to interpret the data of *Chaos* without imposing preconceptions. Isaac Newton, a Professor of Mathematics at Cambridge, was also on his own account an experimentalist. He first took data from nature, *then* prepared mathematical laws based on the results. What he found, of course, was a set of universal physical laws more Platonic than anything ever deduced *a priori*.

Newton avoided political-economic issues but his contemporary John Locke addressed them head-on. Locke, too, was an empiricist first, but one who entered more dangerous and murky waters, dealing with *Pathos* and *Hierarches* as subjects of study. His ideas on the necessity for a functional justification of property helped open a floodgate of Liberalism that is only now closing.

From these beginnings there followed an amazing three centuries of scientific, economic and social development. The leading lights of classical political economy were rarely trained to be such, but included physicians (Locke and Quesnay), men of affairs (Turgot, Du Pont and Ricardo), and philosophers (Hume, Smith and Mill). Leading radicals in the classical tradition were journalists (George, Marx) and the co-discoverer of evolution (Alfred Russel Wallace). All these were synthesizers who, whatever their failings and foibles, observed the *Chaos* of nature before building systems to order it by *Logos*.

11. Property strikes back: neo-classical reaction and Platonic revival

Hierarches could abide the classical economics of Locke, Hume, Smith and Ricardo, who stopped short of challenging the distribution of wealth. Quesnay's slogan of *laissez-faire*, and Smith's good name were even coopted, after their deaths, as bywords for social conservatism, although that was no part of their intention. Mill, however, came close to kicking over the traces. George and Marx went the rest of the way, showing how to use classical economics to rationalize radical redistribution of wealth.

The inevitable reaction came to be called neo-classical economics, as though it were simply an evolution of classical economics. No single figure personifies the change, but J.B. Clark exemplifies it. His aim was to undercut Henry George's attack on landed property by erasing the classical distinction of land and capital. His method was to endow capital with a Platonic essence, a deathless soul transcending and surviving its corporeal embodiment. Some characterize Clark's concept as "jelly capital," but that rather trivializes the power of ancient Platonic traditions and ideas he could marshal to support it. The ecstasy evoked in some souls had a strong Cartesian resonance of *Logos* mingled with *Mysterion*:

"When ... he published *The Distribution of Wealth*, the logical beauty and precision of the system of theory there displayed was like an illumination from Heaven to many of those whose goal for economic science was the reduction of economic life to terms of law and order" (Paul Homan, *Contemporary Economic Thought*, 1928).

"Law and order" also, of course, connotes *Hierarches*.

Clark's capital being deathless it is just like land, and theorists after Clark have made land just another kind of machine. The economic world was thenceforth divided into just two elements, labor and capital. As James Tobin noted, "... that destroys the equality of capital to accumulated savings, and dismisses all Ricardian and Malthusian problems in one fell swoop." ("Neo-classical Theory in America," AER, Dec. 1985.)

The hypersensitive issue of functional distribution, the core of classical economics, became a residual twig on the branch of "production economics." In discussing distribution, the only permissible concept of cost was no longer labor cost but opportunity cost, which all resources have in common. (Somewhat inconsistently, when discussing price formation and inflation, usually only labor cost is considered.) Clark's model has dominated the field for nine decades. Today, Tobin notes, Clark's model is used by Denison in analyzing growth rates; by Summers analyzing tax incentives for saving and investment; by Gramlich analyzing public deficits; and by Feldstein analyzing social security.

August Comte, founder of "Positivism," taught that all science deals either with relations of coexistence or relations of sequence. Production economics as taught today deals solely with relations of coexistence, ignoring relations of sequence. The popular Cobb-Douglas function exemplifies the point. Sequence virtually disappeared from standard economics until Keynes revived it in a macroeconomic context. Even Keynesians had to work out a "vertical" or instantaneous multiplier to communicate with people whose system of cognition left them uncomfortable with matters of sequence over time.

It is not surprising the original Austrian economist Bohm-Bawerk, with his interest in capital theory, disputed Clark on the concept of capital; and the later Austrian Hayek continued the dispute with the later Clarkian Frank Knight. But "Austrian" today has degenerated, like *laissez-faire*, into little more than a code word for reactionary. Neo-Austrians have abandoned the field, and grown silent on periods of production and the problem of excessive deepening of capital.

Production economics, meanwhile, has evolved into manipulation of symbols purporting to represent quantities of labor and capital conceived as substitutes at a point in time. Micro theorists avoid handling the sequential relationships, that labor produces capital and investment employs labor. They avoid defining capital, and explaining what unit of quantity measures it. The

abstract axiomatic reasoning in micro-economic theory that students are forced to take as “The Core” of economics deals exclusively with these stylized relations of co-existence ignoring formation, measurement, meaning, depreciation and replacement of capital. Appreciation of land gets short shrift.

Time, which plays so explicit a role in Newton’s physics, is handled clumsily by Clark’s metaphysical descendants, using the ideas of long run and short run and equilibrium. These awkward ideas are occasional embarrassments and yet survive because the alternative would entail restoring the classical distinction of land and capital.

Clark’s treatment of capital confuted much of Marx as well as George. *Das Kapital*, Book II, deals entirely with the circulation (turnover) of capital. With Clark, capital is eternal and turnover is irrelevant. Indeed, among Clarkians the very concept of a period of production or investment (the reciprocal of turnover) is anathema.

After Clark and Knight scoured time and sequence from economic theory it had to resurface somehow, and did so in the Keynesian movement. After years of strife over how to assimilate Keynes, the strife made vain by cognitive dissonance, the parties divided theory into micro and macro. The cognitive system of Micro limits it to treating relations of coexistence; the cognitive system of Macro limits it to treating relations of sequence. This division is not inherent in the subject matter, which it maltreats. Failure to resolve this Great Schism of modern economic theory is a scandal that impoverishes both Micro and Macro so severely that neither can deal adequately with its subject matter.

Micro and macro need more than reconciliation. Keynes’ treatment of sequence suffers from being as Platonic, in its way, as Clark’s dismissal of sequence. In Keynes’ system flows of spending drive the material world. Spending is the Platonic reality. Check-clearing and electronic transfers of symbols are Real; the material world is a reflection of those Realities. To the classics, money was only a veil. In Keynes, money and spending are The Original Cause. When Ricardo and Mill wrote of circular flows they focused on flows of real capital; money was just a convenience, a tool. In Keynes, flows of funds are the substance of which the material world is but a shadow.

The upshot is both Micro and Macro have become Platonic allegories, exercises in manipulating symbols. These symbols are many steps removed from the *Chaos* they purport to order and the *Pathos* they purport to represent. Their social function is mainly that predicted by Spinoza, “not so much to cultivate men’s minds as to restrain them.”

12. What can we do?

Ultimately we need to recast economic theory along more useful, functional lines, some of which have been intimated *supra*. Micro theory needs to comprehend “nature begetting” —that is capital formation, rising land prices, and other relations of sequence; not just “nature begotten” —that is allocation and substitution of given resources, perceived as relations of coexistence. Macro theory needs to climb down from its Platonic preoccupation with manipulating financial symbols, and look at material wealth and capital themselves, as Ricardo did in his Chapter 1 on value. Macro needs to incorporate “structural” insights now relegated to Micro to help explain its

problems of unemployment and the determination of national income. Capital theory and distribution theory are two obvious topics to use to integrate Micro and Macro.

Meantime, academicians of good will can lay the groundwork in a number of commonsense ways.

- A. Halt the imperialistic expansion of required theory courses.
- B. Let students study theory after their applied or field courses. Then theorists will be reasoning not from axioms but to explain data.
- C. Let theory be taught by persons from applied fields, not by specialists in theory alone. As the Hebrew teacher Gamaliel said, “every learned man who fails to acquire a trade will at last turn out a rogue.”
- D. Teach from the classics, not just the moderns. The best from three centuries is bound to excel the best from the last five years, because of the wider selection. Modern writers may have the advantage of hindsight to separate the wheat from the chaff, but it is not clear it is the chaff they have discarded. Selective updating is no better than the modern selector; modern imitators seldom upgrade classic originators, but too often pervert, misapply and Bowdlerize them.

Modern texts improve on Wicksell about as much as Elton John improves on Beethoven, and Louis Lamour on Shakespeare. Nothing deepens a student like historical perspective, else in his first article the student will give the name of some modern writer to ideas two centuries old, and no modern reader will notice.

Reading classics lets students decide for themselves if the Austrian period of production has been refuted, and if so how, when, why, and by whom. Let students decide if the wages-fund theory is false, and if Mill really recanted it. Let them read Jevons and Walras themselves, rather than believe the deluding characterization of some hasty text writer who fancies himself a judge because he lives a century later.

- E. Unmask and expose everything phony and venal. Keep alert to the historical tendency of organizations to degenerate and regress toward the mean, and of insecure philosophers to use ink like the squid to blind the world about them. Accept the need of uncharitable measures to combat intellectual fraud, the ultimate white-collar crime which is the more dangerous for being legal. Bend backwards to avoid *dicaeologia*, the vice of self-righteousness that excuses one’s crimes by one’s circumstances; but be willing finally to play rough, considering that malice to frauds is charity to students.

Purge classes and journals of pomp, conceit, cant, obscurity, digressive convolution, mysticism, and claims of exclusive jurisdiction. Sensitize colleagues and administrators to the classical unfair devices of rhetoric used by academic operators to sell themselves to Deans and Vice-chancellors and Senate Committees.³ Even ridicule is justified to shame authorities away from “falling for” ancient fallacies and tricks.

³Unfair devices include apodixis, apomnemynosis, allegory, anapodoton, apoplanesis, aposiopesis, argumentum ad baculum, argumentum ad verecundiam, augendi causa, cacozelia, cataplexis, comprobatio, prescriptive definition,

- F. Give respectful attention to novel ideas and challenges originating outside the profession. Never join a multitude of one's colleagues to bear witness against supposed heretics who are un- or underrepresented in the forum.
- G. Avoid dependence on grants and patrons. Teaching is an honorable trade and a living, to support the research enterprise. Public funds are acceptable when viewed as a form of social dividend for students. Avoid ambitious expansion and grantsmanship at the loss of independence.
- H. Require enough math and stat for command over basic skills, and tooling up receptive minds for conceptual and quantitative reasoning. Beyond, say, differential equations, require nothing but cooperation with math and stat departments to keep relevant courses available. By no means disparage these studies; just be wary of any neo-Cartesian imperialists.

Tolerate and even embrace social radicals, especially practical applied ones on the model of John R. Commons. Toleration should cease at the point where radicals go Platonic and hierarchical, demanding to impose their own preemptive theory on all students.

- I. Keep public service and public policy uppermost. It is enough to rationalize self-interest at the public expense, one need not practice it exclusively. Beware the travesty of market reasoning that says "Our discipline glorifies profit-seeking; how then can we profit most from our discipline?" We are a Levitical class and as such owe primary loyalty to the public.⁴

Recognize public service as academic service, within reason. A tragedy of academe is the shabby reception the Platonists gave Walter Heller when he returned to Minnesota after serving his country so well. Public service also generates its own conceits and cliques which pose a risk, and there is no simple formula to cover all cases. However, no corruption is as deadly as the irrelevance and sterility of theory today.

- J. Understand and keep alert to the constant pressures Babbity brings to bear on administrators; apply constant counterpressure.
- K. Be yourselves. When Chairman Mao said "Let a hundred flowers bloom" it was only to mow them down. Here there is no external Mao, but each timid academic carries his internal censor. What a waste it is of hard-won American freedom to submit to the tyranny of *apodixis*, the academic Mrs. Grundy. Bear in mind how impressed with Jesus his hearers

metaphor, epagoge, epilexis, epitheton, euphuism, petitio principii, secundum quid, koinonia, leptologia, macrologia, martyria, meiosis, metaphor, metonymy, parasiopeisis, onedismus, pareuresis, periphrasis, hypotyposis, synecdoche, tapinosis, dicaeologia, epilexis, among others. The length of the list suggests what a deep bag of tricks dishonesty carries, and what a long history, to subvert the legitimate purposes of Logos. The surest defense against them all is an instinct for fairness, somewhat analogous to the mystical concept of the cross as a shield against the plots of Satan.

4I like Bacon's statement: "... without Goodness man is a busy, mischievous, wretched thing, no better than a kind of vermin. ... The desire of power in excess caused the angels to fall; the desire of knowledge in excess caused man to fall; but in charity there is no excess ..."

were “because he spake as one with authority, and not as the Scribes and the Pharisees.” Let no one silence or subdue you by invoking shame of arrogance.

- L. Encourage breadth. The menace of today is from the ants, not the grasshoppers. There are now thousands of Doctors of Economics who know nothing of history, government, literature, linguistics, semantics, industrial organization, composition, ecology, mores, law, geography, chemistry or culture, but fancy they can teach and write in a social science because they know some highly recondite quantitative or analytic skills, and can speak in tongues. Most seminal advances come from the interfaces among disciplines or, indeed, among ways of life.
- M. Allow no rigor for its own supposed benefits, only as means to some legitimate end. Students endure too much privation without making it an overt objective.
- N. Learn from the successes of others. In Christianity, “The Word (*Logos*) was made flesh, and dwelt among us, ... “The Word made flesh became more than *Mysterion*, it knew and evoked *Pathos*; it survived as a carpenter; it coped with *Hierarches*; it told homely stories; it manifested *Sophia*. Economists will interest and move more students when their words, too, are made flesh.

With such convictions and practices Academe may yet gain control over the travesty of *Logos* now rampant, and bring *Sophia* into the discourse.

13. Suggested Sequel

Following *Sophia*, an even higher form of wisdom might be called *Kosmos*. This was von Humboldt’s term for what we now call ecology, the study of how the parts all fit together. Many economists have seized on “general equilibrium” as pioneered by Leon Walras, as our *Kosmos*, or at least the micro-economic *Kosmos*. However, this entails solving a huge number of simultaneous equations that are, well, simultaneous, leaving out time. *Ipsa facto*, that means leaving out space as well, since it takes time to traverse space. Time is actually as integral a part of economic life as of physics; without time there would be no Laws of Motion, for example.⁵ To save time and space here, we leave *Kosmos* for a sequel.

⁵ Walras, in other works, wrote extensively on discounting future cash flows, so the distorted notion of general equilibrium that conventional economists peddle in his name is more their error of selection than his overall plan.