the incentive to invent regardless of the internal structure of the industry” (Kamien and Schwartz, 1970, p. 342). They seek to correct this by constructing a demand curve for the competitive industry that has the same elasticity of demand at every level of output as demand curve $A$, which calls forth a pre-invention output of $Q_0$. They show that two linear demand curves that intersect the $y$-axis at the same level of output have identical elasticities of demand at each level of output. Demand curve $GD$ in Figure 1 is such a demand curve. The pre-invention output is the same for both industries too. However, the situation does not change since the maximum revenue possible for an inventor selling to the competitive industry is still $C_0E_0C_0$. This is identical to the maximum revenue that can be earned if the inventor licenses out to a monopolist producer, and less than is possible if the monopolist producer and the monopolist inventor solve the successive monopoly problem. The elasticity of demand is irrelevant to the problem. In the case of an outside inventor selling to the two industries, output does not change in either case so the elasticity of demand is not relevant; while in the case of the integrated monopolist, the increased incentive is due to integration and not the elasticity of demand.

IV. Summary

Arrow’s analysis is incorrect in that he fails to correct for an output bias against monopoly. Demsetz corrected this, but failed to point out the possibility of the successive monopoly problem and that its solution causes the incentive to invent to be greater for the monopolistic case. Kamien and Schwartz’s emphasis on the elasticity of demand proved to be irrelevant, at least in the non-elastic case. Note, too, that the main result is that an integrated monopolist has a greater incentive to invent than a non-integrated monopolist or an inventor selling to a competitive industry, does not depend on problems in the patent laws. Property rights on the invention are complete. The difference is due to solving the successive monopoly problem.

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nature of his professional contributions. The approach Spengler labels "biographic" 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." (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 ..."

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 German origin characterized by a high degree of intellectual and social interaction. He became an avid reader at a relatively early age, reading in his own, ranging from the growing anti-German attitudes to those of an agricultural nature such as the brooding of farm animals, 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 H. Wolfe who, despite his advocacy of the market, advocated 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, often 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. Soon after he joined Wolfe at the faculty at Duke in 1934, the two became inseparable colleagues and friends. One segment, 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 Hoover than mere models lifted from physics and proofs pliftered from Euclid. It has meant the analysis of economic life in its vast Politean variety and form ..." are equally applicable to Spengler. (Spengler 1966 p. xj)

All of his mentors and colleagues, probably including more biologists, philosophers, political scientists, and sociologists than 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 egalitarian 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, 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 constrained resources are utilized, distributed, and either grow or decline relative to that population. (Spengler 1974a p. 15) However, the bulk of Spengler's early writings including two books, concentrated upon French population thought and trends. (Spengler 1974a pp. 15-16)
1930s and 1942). He became convinced that in order to understand French economic thought, it was necessary to understand all phases of France's social and cultural thought, but also its interconnections with the early French institutionalists, who had explicitly linked "population" to their theoretical systems. Other writings, meanwhile, addressed the population theories of well-known economic theorists, indicating 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 Boscobellet.

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 classical 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 policy 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 ideological climate in which they arose. Consistent with this vision of the subject matter ideas, Spengler identifies five possible approaches. (Spengler 1968a) 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, scrutinizing 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 arose to the need, first, to devise theoretical explanations and, subsequently to find solutions; 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, 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 pantheon 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 19th century differences developed as to whether expansion of production, resulting from accumulation, should take immediate precedence over consumption. Even these Physiocrats who accepted the existing distribution of income, nevertheless, urged more "luxury" consumption by the wealthy. The great majority of the Physiocrats argued for balanced consumption of goods and services, as later did Malthus. 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. 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 Physiocrats, 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, his 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 neo-classical era, to accord allocative efficiency a central role.

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2Notwithstanding this statement some of Spengler's early works on ideas are his 1931 Comments on Institutions, Malthusians in Early America, and his 1930s articles on Marx.

3These early articles on the French institutionalists are generally regarded as his most original.

4The fourth and fifth approaches, at which Spengler is equally masterful have already been cited; namely, biographical and the economist's vision.

5These include Croucy, Mercier de la Riviere, Dupont, the Abbe Condillac (who along with Boscobellet and Galieoti received of utility) as well as Cantillon.

6Malthus according to Spengler was the first to challenge Say's Law.
It is this refocusing on the work of prior thinkers in the context of today’s economic thought which is central to 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 millennia economic thought (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 convictions 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 (Platonic, Falsian, Confracion, Armainathan versus Dharmas) 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 Alberni), 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. Falsian-Platonic) 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 as long before the theory of welfare was systematized and that many of today’s concerns were held in common by ancient and Medieval writers. The historically changing interrelation between these themes, namely, welfare, growth, and allocation, as manifested in particular policies, 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 Aquinas and was utilized by Sola 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 Bostrom relied upon the ordering effect of the competitive market to achieve a maximum of welfare for the entire society.

The classical rise of welfare as a major concern of society, welfare became increasingly saturated 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 Pareian 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 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, “Hyperty vs. Equality: Persisting Conflicts” with a foreword from Thomas R. Maltus, 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 that sufficient degree of social justice requires to long-run social order. Spengler argues that contemporary identification of justice with equality of results, which has reinforced demands for high social status 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 effects of our sociopolitical system.

This writer is in agreement with Spengler on this point. However, in an article which will be noted later, Spengler accurately 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 anomalous to their analytical systems.

Growth and Allocation: Modern Times

Spengler regards economic growth as the most important theme of post-1600 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 Marxist literature and is of concern in neo-classical writings. Allocation while treated by the classicalists, did not attain any degree

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of centrality until the latter part of the 19th century with the rise of marginalism.\(^{34}\)\(^{39}\)

(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 1959)\(^{10}\) He also argued that the W/N's primary concern was with growth of per capita income. (Spengler 1959)\(^{10}\) The consumption patterns of the various social classes, some of whom Smith categorizes in Venetian-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)\(^{10}\)

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 invariable 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)\(^{10}\) Consequently, 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 independent and independent variables, but instead of interaction and feedback relationships, as characteristic of evolutionary and institutional thought.\(^{11}\)

If there is any economist for whom Spengler manifests any significant degree of sympathy, it is Thomas Malthus.\(^{2}\) 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 anti-Malthusian campaign. Spengler argues that the anti-Malthusians failed to interpret Malthus's "Essay" in the context of its time. When that work was written Malthus's 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's ideas have traveled well.

Spengler concives of Malthus's famous disagreement with the noted humanitarian optimist Thomas Godwin as arising from concern about English poverty and his Hobbesian inspired rejection of the almost utopian optimism manifested in Godwin's "Enquiry Concerning Human Justice."\(^{23}\) 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 be- relevant than that resulting from the term art first and second editions of the "Essay." He views Malthus as an institutionalist, whose institutionalized population control, primarily, in terms of developing appropriate institutions for afeacting same.\(^{24}\) (Spengler 1971 pp 8-9)

In "Malthus the Malthusian versus Malthus the Economist" Spengler shows that, Malthus's 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 mitigating 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 "superfluous" while avoiding the fate of Bruges and Venice in which a "commercial state would have to rely on outside trade for its food sources, which could be interrupted." (Spengler, 1957)\(^{5}\) Greater consumption of unproductive services, could Malthus maintained, provide balance between what 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's 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 an 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.\(^{25}\)

Spengler cites John B. Commons who calls Malthus the father of institutionalist thought. Malthus's concept of institutions was relative close to that of Commons.\(^{26}\)
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 1936b)

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 linked 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 antecedents, 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 contributions is his “Evolutionary Thought in America.” Here he uses his substantial biological knowledge to develop alternative emphasis of Darwinian evolution, which he applies to different socio-economic approaches, ranging from the Spencerianism of the fittest 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 neo-classical 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 1932b, 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 resented 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 235-236).

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 “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 it is able to account “orthogonally 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 on the predominately 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 eb 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 viewpoint 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 classics are mapped sufficiently closely to institutional reality to satisfy those requisites. But with the emergence of a professional body centered around a marginalist formulation, which more completely abstracted from institutions, the departure from reality brought about an inevitable counterreaction. Spengler finds that the institutional “school” surely 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. (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 deteriorating resource and population problems. He relates the “population problem” to institutional 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, thus market system cannot protect mankind from future ecological crises let alone allocate resources optimally among generations.” (Spengler 1974a, p. 10) 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) facts, 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 dysfunctional and socially disserviceable.23
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 sufficed 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 which 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-enhancing rules into rules making for licensure, monopoly, and thought control." (Spengler 1968a, p 8) In similar vein his earlier 1968 JIE 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 and unduly justify "sophistication for its own sake." 39

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 delude 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

39Among other developments adverse to our profession, during this period of increasing model building so- phistication which Spengler cites in his Golden Age article (Spengler 1954c) 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 science-minded professional economists can be turned out without these types of understanding but also wistfully deplores our tendency to permit the substitution of mathematics, statistics and computer courses for the foreign language requirements which used to prevail.

and generated his conclusions cannot be replicated in today's graduate school environment. He is literally one of a kind.

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Book Reviews


Rarely do rapidly growing academic industries develop such a popular, if not populist, appeal as that of the Doomsday Syndrome of the 1970's. The intertwining of the Club of Rome pronouncements together with images of famine in the Sahel and drought in the American Midwest produced effects which were felt from village council debates on zero growth to world conferences on food, environment, and population.

In most of this activity, attention came to be focused on the population/land ratio and the possibility of a Malthusian specter haunting the globe. In economic terms, the focus was on supply problems, the not altogether surprising immediate reaction to the sight of people starving. With the exception of Jean Mayer's testimony, even the 1981 Congressional Hearings were no exception to this tendency to focus on output issues (The World Hunger Situation, 1981).

In contrast to the more popular discussions, several works, of which Sen's Essay is representative, distinguish clearly between the different issues and problems so frequently confused in this area. The first of these is the distinction between short-term food availability, a starvation problem, and a sudden disruption of food availability or consumption, a famine problem. The latter may cause the former, but the reverse is not true. It is conceivable that a long-term decline in food consumption reaches a critical minimum, beyond which there is a sudden increase in the death rate. But given evidence to the contrary, such as an increase in total food consumption during certain famines, and given the very elastic concept of a minimum calorie requirement, this argument lacks support.

The second, and Sen's more immediate concern, is the need to distinguish between food availability and food consumption. Quoting from his opening lines:

"Starvation is the characteristic of some people not having enough food to eat. It is not the characteristic of there not being enough to eat (P. 1)."

While the distinction may appear trite, or obvious, it should be noted that the development literature of the 1970's underwent considerable change, as it had in each of the preceding two decades. One might also say change and improvement. The obvious need to redefine development away from a sufficient criterion of total output to one of necessary conditions concerned with basic needs and redistribution is by now widely shared. So also is the lower level disaggregation of analysis, to the household and even intrahousehold unit. As Sen argues, poverty is a multi-dimensional measure:

\[ P = H(1 - G) \]

where \( H \) is the headcount measure in relation to the poverty line, \( I \) is an income gap measure of the poor, and \( G \) the Gini coefficient amongst the poor.

From a policy point of view, in the 1970's hunger began to be seen as a poverty problem, and as such, more attention began to be paid to income determination, employment and other asset markets, and the effects of economic development thereon. In looking at Sen's work, and knowing his reputation in the field of welfare economics and public choice, one is struck by the obvious fact that, in contrast, earlier development work assumed only Pareto Optimum changes under an assumed name, the trickle down effect.