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# Meta-Economics

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THE MOST fascinating paper read at scholarly conventions is frequently the presidential address. Is it because the president is almost invariably an outstanding member of the profession? This might account for the excellence, but not the superior excellence, of his paper. Is it because his office represents the culmination of professional ambitions? Hardly, unless the profession is politics, in which case the presidency is a cumulation indeed. Rather it seems to be due to the fact that, as Professor John H. Williams has pointed out at a meeting of the American Economic Association in 1951: "one of the advantages of a presidential address is that one can appear . . . with a topic of his own choosing."

But why should this constitute such an advantage?

Most other topics, whether discussed in conferences or studied at school, are nowadays either assigned or cooperatively determined to fit into the pattern of a larger program. While this avoids overlappings, it has deprived the scholar of the fullness of his subject. Caught in the sharp but narrow focus of his specialty, he is able to leave its confines only on rare occasions. One such occasion is his election to the presidency of an association of colleagues. When this happens, he is briefly liberated from the clutch of the plan that governs the activities of everyone else. For once he is then given the long awaited chance of making pronouncements on topics strictly of his own. Since these are invariably close to his heart, it is only natural that he should present

them with greater competence than if they had been parcelled out to him by assignment.

However, this is only one reason for the frequent superior excellence of presidential addresses. The principal reason seems to lie in the fact that anyone temporarily gaining the freedom of topic will almost invariably use it to choose less a particular subject than a particular approach. Emancipated through his constant absorption in too narrow a field, he will try at least on this one occasion to restore to it the fullness of which specialization has deprived it. And this is always fascinating, particularly since it is not infrequently done with a feeling of guilt in the face of the contrary trend of the time. Hence so Augustinian a title as *An Economist's Confessions* which Professor Williams chose for his own presidential address.

But this is not all. The uniformity with which those liberated from the fetters of assignment abandon the specialist's approach does more than add temporary depth to subjects that have become flat. It points to the uniformly sensed cause of the difficulty confronting a modern science such as economics. It lies in the loss of dimension, and in the frayed condition into which an originally well defined discipline has been pushed by the very means by which we hoped to improve it—by growth and specialization. While this process has greatly extended our collective horizon, it has at the same time dimmed our individual vision. For, the widening areas demanding attention have not only lengthened the distance between center and periphery but, like

the sprawl of a suburbanized modern city, in many instances cut the connection.

However, it would be an exaggeration to say that all that has come of this is a string of nostalgically brilliant addresses. Repeatedly it has led to efforts to integrate what modern life has so successfully torn into specialties and subspecialties. In economics it has led to a series of new approaches. Attention was shifted from the special to the general, from the particle to the aggregate, and from the study of individual to that of group behaviour. But of none of the new approaches could be said that, in its ultimate effect, it had added new understanding. Nor had it integrated the subject. On the contrary! To the old were now added new specialties, and it was found that there were quite as many aggregates demanding special attention as there were particles.

The only accomplishment resulting from these efforts was the fashioning of new tools. Aggregates could be more easily grasped on a statistical basis. *Political economy*, with its reliance on deductive reasoning, was therefore abandoned in favor of *statistical economy*, with its dependence on quantitative checking. But its principal offspring was *mathematical economy*, with its surrealistic love of symbols and diagrams. The transformation of the science was subtle. It cautiously began in footnotes, but ended by supplanting the text. Happening at the very time when further development seemed to have become impossible, mathematical economy was hailed as a great advance. Yet, with all the facts in, one may say that essentially it did little more than to obscure rather than illuminate the subject. It expressed in a difficult patois what previous theorists had formu-

lated in elegant prose.<sup>1</sup> Not a single new concept can be said to have arisen as a result of the mathematical approach, not the multiplier, not the propensity to consume, not the quantity theory of money. They all sprang from the realm of philosophical speculation for which the mathematical economists provided not the spark but either proof or illustration. The spark was provided by speculators, by dreamers, or, as Keynes called them, academic scribblers.

But now, even the mathematical approach seems to have run its course. It has translated every concept of political economy into a language which illustrates well the complexities of the field to mathematicians but not to economists. As a result, a new approach has become necessary. What the mathematicians have obscured, must be translated back into a medium that can again be understood by all.

In the 19th century, this medium would have been prose. In our more primitive time, it is pictures. Hence, the last transformation of which the science seems still capable is *pictorial economy* or, as one might irreverently call it, *cartoon economy*. The newest

<sup>1</sup> Economics is not the only field that has suffered from the imperialism of mathematicians. Not content with their own realm, they seem on constant outlook for new territories to be invaded and new disciplines to be subjugated. When more than a hundred years ago they began their successful incursion into physics, no less a physicist than Michael Faraday came forth with a similar complaint in a letter to James Clerk Maxwell: "There is one thing I would be glad to ask you. When a mathematician engaged in investigating physical actions and results has arrived at his conclusions, may they not be expressed in common language as fully, clearly, and definitely as in mathematical formulae. If so, would it not be a great boon to such as I to express them so?—translating them out of their hieroglyphics, that we might also work upon them by experiment!" From a letter of 1857, quoted by Sir Lawrence Bragg, *Nature*, 169, 684 (1952). It goes without saying that the value and glory of mathematics as a discipline in its own right and field is not contested here. It is not mathematics that is challenged, but mathematical economics.

publication trends indicate the arrival of this final stage. There are already film strips illustrating visually the consequences of economic actions. Text-books have made their appearance which have been inspired, if not actually arranged, by cartoonists. And machines have come on the market showing by means of colored fluids and glass pipes the flow of national income. As the past generation of economists had to be accomplished in writing, and the present generation in mathematics, the coming generation will have to demonstrate ability in drawing and animating. But as far as a *deeper* understanding of the subject or the presentation of *new* aspects is concerned, pictorial economy will hardly contribute more than mathematical economy. For, it is in the nature of tools that they can work on a substance but not add to it.

Nor will pictorial economy solve the basic problem of the science which is not to illustrate but to integrate. But how can this be done? The trouble is that, when a field has grown too large, its natural tendency is to diffuse and to fringe, creating thereby simultaneously a demand for integration and the very condition making it impossible. For, everything that extends beyond a certain point, separates, and what separates may perhaps be re-joined by excessive effort into an artificial unit, but not fused into an organic whole. Which means that, whenever integration becomes *technically* necessary as a result of large-scale development, it becomes *organically* unfeasible. This is why a number of economists have come to the point where they feel that they can regain a certain measure of understanding not by pushing their investigations still further afield, but by retracing their steps. Hence, their renewed interest not so much in advanced as in basic

economic concepts, and their proposals to study them not so much on an elementary as an advanced level. It is the same philosophy that has induced physicists to seek an understanding of the universe through an understanding of the atom. They try to unravel the laws governing the colossal by studying the laws governing the minuscule, not the other way round.

However, though the renewed study of basic economic concepts may increase the understanding of their distant consequences, the new approach falls short in one vital point. It does not retrace its steps far enough. For a concept may be basic in economics, and yet not be basic to the general scheme of things of which economics itself is but a consequence. One must never forget that the greatest phase of the science was its earliest phase, when it began to emerge as a result not of economic but of philosophic speculation. It was then that most of its fundamental principles were discerned and formulated. And its greatest exponents ever since have not been technicians or specialists, but philosophers and thinkers. Instead of entering economics as experts, more often than not they entered it as amateurs and dilettants. Before Adam Smith was an economist, he was a professor of moral philosophy; Thomas Malthus—a minister of the gospel; John Stuart Mill—a scholar of Latin and Greek; Karl Marx—a student of philosophy and history.

But why should these pioneers in the field of economics have had a greater ability to explain its mysteries than their specialized successors who grew up in it? The reason seems simple. They were men who did not see one or two sides of a problem, but all its sides. They were able to explain *economic* problems because their training enabled them to explain *all* prob-

lems. In their search for solutions they could therefore always go *beyond* economics. They could go back into realms where the laws of nature could be more easily observed because of their greater proximity to their ultimate source. Whenever the occasion warranted, they could thus draw from a number of sciences with equal facility, be it biology, physics, or the discipline underlying them all—philosophy. In other words, they were great economists because they were great philosophers. In analogy to a term made famous by the editors of the works of Aristotle they might also be called *meta-economists*. Arriving at the limits of physics, Aristotle was likewise driven to elucidate its mysteries by searching for their causes in the field lying beyond, in *meta*-physics. Like all philosophers, he tried to find the purpose and end of things in their beginning on the assumption that it is the beginning that determines all the ends. (The reader should however be warned not to mistake the argument in favor of meta-economics for a plea in favor of *meta-physical* economics.)

It is thus the earliest and not the latest phase of economics which seems to show us the direction into which the science must move lest it lose itself in the vast and depthless expanse of modern specialization. Having run the gamut from political to statistical, mathematical, and pictorial economy, it must return to the discipline from which it once sprang. It must become philosophic economy or, to retain the Aristotelian expression, meta-economics. This is not so revolutionary a reversal as it might seem. On the contrary. Though half-hearted and apologetically, the trend in this direction manifests itself already in at least two forms. One, as pointed out at the beginning of this essay, is represented by the groping addresses of presidents of

economics associations. The other is reflected in the increasing use in the presentation of economic theory not of mathematical formulae but of *analogies* drawn from disciplines *beyond* economics. This, in fact, would already amount to meta-economics were it not for the timidity with which authors render their own analogies useless. Instead of boldly standing by them, they frequently deprive them of their significance by insisting that they are mere images without fundamental bearing on their propositions. Afraid of trying to argue a theory by arguing an analogy they would rather deflate their comparisons than defend the one assumption which justifies their use in the first place. This is the assumption that, if an analogy is meaningful, it must have bearing, and if it has bearing, it must be more than a mere analogy, which is defined as a similarity of function. To use a biological expression, it must be a *homology*—a similarity in fundamental structure and development. It must be a different manifestation of the same principle it is called upon to elucidate. And if this is the case, it follows that every economic principle may be as validly argued in its economic as in its physical, chemical, or biological application.

Once this is realized, it becomes possible to draw from knowledge gained in non-economic fields much more effectively and authoritatively than could be done previously. The only question is, would such a new approach, the establishment of economic principles by establishing their meta-economic manifestations, add to their understanding? Would it shed new, or rather old, light on the seemingly new problems of our time? Yes, for it would provide the only form of integration now needed, the integration of economics not with itself but with its philosophic hinterland.

And, unlike the mathematical approach, the meta-economic approach would not make things harder but simpler. To give a few examples: a student may have difficulty in understanding Gresham's Law, according to which cheap money drives out dear money if the two circulate side by side without restriction. But he will at once understand its operation when told that it may be nothing but the economic manifestation of the physical law of gravity as we observe it on earth. Both explain the same principle: the pull which lower and denser substances invariably seem to exert on higher and more tenuous substances. And he will grasp it still better if he muses that it applies perhaps also to education, where low standards seem to drive out high standards, or to language, where bad accents appear to drive out good accents. While *low* in the physical sense does not necessarily mean *low* in the spiritual sense, he will discover the fundamental principle that at a certain condition one seems to blend into the other, that quantity becomes quality.

Similarly, the Quantity Theory of Money may become infinitely more revealing to both economists and sociologists if it is realized that its principle seems to apply also to population problems. The Quantity Theory relates price level changes not only to changes in the supply but also to changes in the velocity of currency. But as inflation, so overpopulation may result from an increase not only in the quantity but also in the velocity factor. At the low velocity of a lazy Sunday afternoon, not even New York City is overpopulated, while at the high velocity of a week-day rush-hour period even the most dreamy community becomes beset with the problem of overpopulation. Yet, not a single individual may have been added to its mass.

Most other concepts will likewise assume quite a different significance when viewed in the light of the various shapes they may take. And by doing this, they add not only to our understanding but, more importantly, may contribute to the solution of many of our contemporary problems. A concept such as *equilibrium*, for example, has been rendered almost useless by the suspicion of modern social scientists. But examined against the background of the musical principle of harmony or the physical principle of balance, of which it seems but a variation, it could be restored as a powerful tool of scientific analysis. In the first place it would be seen that there are two basic kinds of balances and not one. Realizing that each is applicable to a different universe, it would soon become evident that the difficulty of operating with them is mainly due to our failure to distinguish between them. Secondly, it would become obvious that the problem is consequently not one of balance versus unity, as is nowadays so often believed, or of equilibrium versus control or versus growth. The problem is one of a good balance versus a bad balance. And if it seems to defy solution it is only because of the belief of so many of our social scientists that a principle applying everywhere represents in economics or politics at best a bad analogy.<sup>2</sup>

Also the law of diminishing productivity could be restored to greater usefulness if it were brought in line with

<sup>2</sup>The two balances are the stable balance for non-moving and the mobile balance for moving and living systems. A sound balance is characterized by its self-regulatory nature. In a non-moving system, this means that a balance is the better the larger and fewer its units. A good mobile balance, on the other hand, is the better the more numerous and smaller its units. Collisions resulting from the free movement of particles are then unable to disturb the system as a whole. A living, dynamic, competitive system such as capitalism can therefore function effectively only as long as its units are both numerous and small.

its various meta-economic manifestations. Everyone understands its relationship with the Malthusian population principle, according to which a continuously growing mankind must ultimately outrace its ability to furnish the necessary food supply. But it is only now that both are gradually recognized as being variations of a more basic biological and physical law of growth and form. Once it is generally accepted that continued growth, wherever it happens, becomes detrimental when a thing's proper form has been reached, the purpose of many economic activities will appear in an entirely new light. Above all it will become clear that one of the principal questions of our time is not how to *grow* in an expanding economy. It is a question of how to *stop* growing, and rather begin to split and multiply. For many units of social organization, both in the economic field in the form of big business and in the political field in the form of great powers, seem long ago to have begun to outgrow the requirements of their purpose and form.

These few examples appear sufficient to indicate both the nature and the value of a meta-economic approach. It would integrate economics *philosophically* and restore to the science at least some of the depth it possessed at the beginning of its development. Moreover it would seem to be in line with the hidden desire not only of many economists but also of the representatives of other disciplines. One of the most profound contributions to appear in recent years in the field of biology was a *meta*-biological study from the pen of a physicist, the Nobel prize winner Erwin Schrodinger (*What Is Life*, Cambridge University Press, 1951). More generally, a similar approach was suggested by the Dean of an Engineering College, Elmer C. Easton of Rutgers University. Con-

templating the basic weakness of modern education (at the Rutgers All-University Educational Conference of 1953), he urged that every teacher be required "to discuss with his students the interrelationships among the basic principles of his field and those of other disciplines." And succinctly summarizing the merits of such an approach, he continued: "In some instances these interrelationships are fairly obvious. For example, the similarities among the principles of heat transfer, flow of electricity, and flow of liquids are well known to the engineer. It is easy, therefore, to require that they be pointed out in order to integrate courses in the three subjects. On the other hand, some engineers and some sociologists may be surprised to find the concept of entropy applicable both in thermodynamics and in the statistical analysis of group behaviour. It requires men of the broadest possible education to detect obscure interrelationships and to design a curriculum so as to utilize them as an integrating device."

The urge towards a return to philosophic speculation seems thus to arise in a variety of fields. Yet, as an approach to knowledge and truth it is not new. It has been pursued since times immemorial. It represents, in fact, the most fruitful direction of human inquiry. The greatest contributions to man's advance have been rendered by man's effort to go *back*, back to the cause common to all consequences. Aristotle's search for the ultimate unity behind everything has made him the most enduring shaper of categories in the sciences that became subject to his scrutiny. Goethe's pursuits led to the creation of a new discipline, morphology, the study of similarities of forms and functions in the various fields of life. Leonardo da Vinci's philosophic speculations resulted in

his dramatic discernment of a unifying law underlying the motion of all waves, whether they be of water, of wheat in a field animated by an autumn breeze, of sound, or of light. Michelangelo attributed his greatness as an architect to the fact that he knew how to draw nudes, "for the structure of the human body and of buildings is the same." Spencer's life-long search was dedicated to the discovery of a basic principle of evolution common to astronomy, biology, and society. And Confucius, at the end of a life of rewarding contemplation, told a student admiring him for the wide range of his knowledge: "I know only one thing, but this permeates everything."

The one element these pioneers of human knowledge had in common was the approach they applied to their varied pursuits. They all were *meta-scientists*. By stepping beyond the boundaries of their original fields in search of ultimate causes and basic laws, they fertilized along with the disciplines they entered the disciplines from which they came. Does it seem daring to suggest that an approach so fruitful in other ages should prove fruitful also in our time? And does it seem irreverent to believe that, what served so well the physicist, might serve well also the sanded and silted science of the economist?