

Philosophy

CHARLES FRANKEL



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"DAMN the absolute!" William James said to Josiah Royce—and for most of the past half century it has been that much abused and much misunderstood child of James, "pragmatism," which has

led a sweeping American attack upon the tradition of philosophic idealism and absolutism. Pragmatism represented an assault upon the age-old quest for certainty, and the effort to substitute for the speculative methods of "pure reason" the methods and temper of experimental science. It was an attempt to construct a new conception of reason, at once more dynamic and more temperate, by showing the biological and social urgencies in which human thinking takes shape. Behind it was an insistent social excitement—a view of an open American society, released from the dead weight of fixed rules, rigid abstractions, and allegedly eternal truths.

Pragmatism cut paths in law, in education, and in our views of morals and politics, by which we are still traveling. And if we are now aware of the excesses of "progressive education," for example, we need only remember the fetish that was once made of rules and discipline, and the condescension, cruelty, and indifference to individual children which progressive education replaced.

Pragmatism is not on its last legs by any means. Pragmatically inclined philosophers are among the luminaries of the generation in its late forties and early fifties which now dominates the American scene, and their activities are by no means restricted merely to the reaffirmation of old doctrines. Their emphasis upon change and upon the biological conditions of human experience is also fortified by other philosophies, most particularly by a large group of followers

of A. N. Whitehead, who have concerned themselves with the construction of a speculative "philosophy of process."

Nevertheless, there are considerable reasons for believing that the era dominated by pragmatism is at an end. In the first place, pragmatism has become respectable. It is no longer the *enfant terrible*, no longer the movement which is building the fires under traditional philosophy, or saying the things which start philosophic controversies going. Furthermore, as Professor Morton White has pointed out in his "Social Thought in America," pragmatism encouraged a relaxation of philosophic discipline against which there has been a considerable and salutary reaction; and its opposition to absolutes encouraged an indisposition to be positive and specific in the statement of even provisional social programs.

Pragmatism, indeed, contained some large and unresolved ambiguities. It was not, as is so often claimed, a "philosophy of success," or a "technique for quick profits." But the emphasis by men like James and John Dewey upon the power of thought to remake the world seemed sometimes to suggest that there is no independent structure of things with respect to which human beliefs are to be considered true or false; and the pragmatic insistence on applying scientific methods to morals and politics was frequently formulated in such a way as to suggest that there is no difference in principle between theories about facts and decisions concerning values.

But there are, I think, still larger reasons why the reconsideration of pragmatism is one of the most significant features of the present philosophic scene. For underneath Dewey's repeated insistence upon the applicability of scientific methods to social affairs was an unexpressed confidence that there was a prevailing moral consensus, an unwritten but imposing agreement on the permissible limits of choice. And it is this confidence, this belief in a reservoir of good will and in the possibility of communication between social classes and between nations, which we can no longer so easily maintain. It is the humane, liberal atmosphere of pragmatism which has

been bypassed even more than any of its specific arguments.

It is against this background that many of the movements which have attracted attention in philosophy since the war have to be understood. There has been, for example, a relatively sizable reaction against naturalism in morals and scientific empiricism in method, which is represented by such a book as Eliseo Vivas's "The Moral Life and the Ethical Life." There is, again, the continuing vogue of Neo-Thomist philosophies; and there is, in political philosophy particularly, a considerable resurgence of the idea of an eternal Natural Law, and a renewed insistence upon the connection between religion and politics. On another level, there are the attempts by philosophically inclined psychoanalysts like Erich Fromm, and by philosophers sympathetic with the new depth psychologies, to develop a theory of human nature on the basis of which certain universally valid human values can be established.

ALL of these tendencies are efforts, in a period of confusion, apathy, and moral decline, to reestablish the lines of social communication, and to find some common basis for the reform and reconstruction of society. And so, to a very considerable extent, is the notable revival of interest in an old subject—the philosophy of history. In the works of Reinhold Niebuhr, and in those of Arnold Toynbee's American followers, there has been a broadside attack on the liberal belief in progress through reason. In place of this belief, it has been urged that we substitute, as the first step toward social regeneration, a sense of the perennial sinfulness of man, or a view of human history as the stage on which the human spirit is recurrently tried and tempered, and so prepared for another and higher salvation. There have also been ambitious attempts to analyze the varying philosophic perspectives

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SUMNER SLICHTER



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THESE are exciting days in the development of economics. As never before in the history of the subject, investigations of the facts of economic life are being made by men who seek evidence for constructing a body of theory. In consequence, the body of economic thought is undergoing a fundamental transformation. The impressive body of deductions that the neo-classical economists were able to construct from a few supposedly more or less axiomatic assumptions is being replaced with a new body of generalizations based upon the collections of statistical data or observations of what actually goes on in industry.

The transformation of economics from a deductive to an empirical science is far from complete, and no well established body of thought has as yet been constructed to take the place of the deductions which are no longer accepted as adequate. Nevertheless, the process of reconstructing economics is well under way, the amount of good work being done is considerable and is growing very steadily.

Hence, one can say with confidence that the efforts to build an empirical science of economics will succeed. Indeed, when the history of economic thought is written two or three generations hence, the present will surely stand out as a most fruitful period in the development of economics.

When research is thriving as vigorously as in economics today, a brief review must omit many important areas. Indeed, no one reviewer can pretend to know more than a small part of the work being done. I shall confine myself here to four areas which seem to be among the most significant and fruitful.

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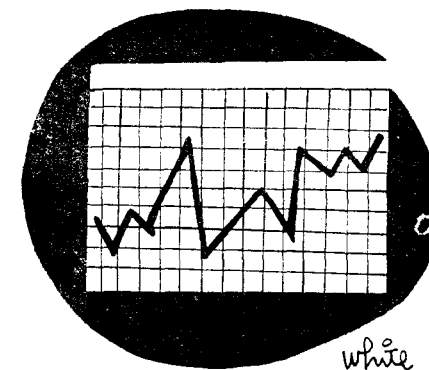
One such area is the study of the business firm—the exploration of the nature of its motivations, of its costs, of the ways in which decisions about output, selling prices, and buying prices are made.

The business firm is sometimes called the atom of economics. This is not quite accurate because economics does not possess a single type of fundamental unit. The consumer is no less fundamental in explaining economic behavior than are the business firms which serve him. But one cannot understand the behavior of the economy without understanding what goes on inside the business firm. Until fairly recently, economists had taken the business enterprise pretty much for granted. They had assumed that enterprises were trying to make as much money as possible without exploring what that might mean and had assumed that decisions of managements about how much to produce and what to charge for their goods could be deduced rather rigidly from the nature of the firm's costs. All of these assumptions are now being questioned.

Does making as much money as possible mean the highest return on the present amount of capital, or on some larger amount? If one thinks in terms of a return on a larger amount of capital, one must take into account the desire of managements that their firms grow. This compels one to regard the desire for growth as an independent objective of managements that may compete with the desire to make money.

No one has ever supposed that management pursues profits regardless of the time and effort required to achieve profits. Nevertheless, the elementary fact that there must be limits to the desire of managements to achieve profits has not produced studies of the limits on the willingness of managements to strive for profits. There is persuasive evidence that the desire on the part of managers for a good profits record is a very strong and stubborn desire and that, if profits become more difficult to make, managements will spend more time and effort trying to make them. All of this explains why competition stimulates managerial efficiency instead of discouraging it.

If the desire for a good profits record is as strong and stubborn as it seems to be, this is a fact of great economic significance. It explains why high taxes on profits may even be stimulating rather than discouraging and why upward pressure of trade unions on wages stimulates rather than discourages managerial efficiency. Economists have not yet gone very far in studying the motives of management, but the subject has at least been pretty well opened up by the work of Kenneth E. Boulding, Thomas H. Sanders, and others.



Economists have made fairly simple and rigid assumptions about the nature of the costs of the business firm and about the relationships between costs, on the one hand, and output and selling prices on the other. During recent years, however, these assumptions have become subjects of investigation. The pioneer work was done by Joel Dean, and his recent "Managerial Economics" is the most convenient restatement of his own work and that of others.

ECONOMISTS are now pretty well aware that there are considerable differences among industries and firms in the ways in which unit costs vary as output changes and that the relationships which have been assumed between costs, prices, and output do not necessarily hold, especially not for short periods. But what happens in these short periods when traditionally assumed relationships between costs, output, and prices do not hold has important consequences for the operation of the economy. For example, the conventional economic analysis assumes that wage change by a firm or an industry would quickly affect the prices charged and thus the output of the firm or the industry. Observation of what happens when wages are increased, however, indicates that wage increases usually have no immediate effect on price and, therefore, no immediate effect on output because enterprises continue to make all that is demanded at their quoted prices. But the failure of wage increases to have immediate effects upon prices and output does not