

A THESIS
A PHILOSOPHIC APPROACH
TO SOCIAL AND ECONOMIC THEORY

BY

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INTRODUCTION

"The indetermination and consequent inconclusiveness of metaphysical and of a good deal of sociologic discussion results from uncritically adhering to simple alternatives instead of resorting to the laborious process of integrating opposite assertions by finding the proper distinctions and qualifications"----Morris Cohen 1

This thesis has a history. When I first entered McMaster University the curriculum prescribed, that I should study F. W. Taussig's "Principles of Economics." After a time I began to have doubts as to the validity of a considerable portion of the theory contained therein. The logical consistency of the book I could not doubt. But I had a vague inchoate sense, that something was wrong. The book seemed to ignore some of the more important aspects of the objective economic situation. At first I tried to criticise its logical structure. But that did not seem to work. Gradually---and it was very gradually indeed---as my intellectual horizon widened, I began to go back to the assumptions, on which the discipline of economics, as I grasped it, was founded. A reading of Thorstein Veblen's works confirmed me in my suspicions: it was in the assumptions of economic science, that the divergencies of economic theorists were to be found. All the while I was reading in philosophy; and slowly the connection between philosophy and the assumptions of economic science dawned upon me. Of course all this did not take place in any pre-arranged fashion. Rather it was a slow and hesitant growth of mind. Finally it appeared to me, that, if I could set up a coherent and adequate speculative schematism, the solution of the more fundamental problems of economic and social theory would ensue---it has sometimes been asserted, that all the sciences are interrelated; but the deeper significance of that statement has not yet penetrated our consciousness. I was well aware of the fact, that philosophy is a tricky and slippery matter---I have changed my mind so often, that the proverbial fickleness of women is quite comparable to my intellectual outlook. However being persistent and somewhat vain, I kept on trying. What follows is the result.

The thesis may be criticised from three angles. First, of course, the actual content is open to criticism. At the outset I wish to make it plain, that my bias lies in the speculative direction. I firmly believe, that the speculative method is not only justified, but offers the only solution of our more important theoretical problems. This is the day of specialisation. Pedants automatically segregate themselves into their allocated departments. There they proliferate their specialised techniques, concepts etc. With only a few exceptions no persistent endeavour has been made to view reality as a whole---and after all reality is integral, if we can only see it. But it is through the speculative method, that these specialised groups of data will be found to cohere. It is true, that the collection of data is important. But data have no significance, if they do not cohere. Moreover it is by speculating or constructing a philosophic schematism, that facts appear to us the way, they do. The trouble is, that we do not do enough speculating. We are afraid to. What our age needs more than anything else is coherency.

1. See his "Reason and Nature" ; p. 166.

We may criticise the coherency of thought in the middle ages. But that does not offer us any excuse. If we could but construct a adequate and yet coherent system of thought,---we are speaking of tendencies---and at the same time do justice to the dictates of our more intelligent common-sense--well, that is the main issue.

In the second place the reader may say, that the thesis is too brief. I have covered considerable ground, and consequently the treatment is condensed. But I have not had the time to elaborate my arguments; and so the only alternatives is to assume, that the reader is acquainted with both the terminology and the intellectual background of its context.

Finally those who have prepossessions will consider some of my statements to do grave injustice to the same. I have tried to make clear the meaning of my terms. If their connotation does not conform to the views of those, who are persistently predelictive, the only alternative is to try to sympathise with the main tenor of the author's thought. *illegible*

In conclusion I wish to pay my respects to my instructors, Professors Taylor and ~~Mi~~chell and especially to Mr. Geo. Haak, whose chief asset is that of argument.

PREFACE TO PHILOSOPHIC BACKGROUND

The method adopted in the following is to interpretatively survey the historical development of philosophic thought, the purpose of which is to draw out the more pertinent alternatives issuing from that survey. We do not mean of course, that in our survey we propose to examine every particular philosophy--that would be foolish. Rather we are concerned to delineate the main bases, from which particular philosophies in their more general import have in the past ensued. The method then is general and largely interpretative.

Upon the conclusion of the above survey, we will then embark upon a perilous attempt to reconcile the various alternatives suggested. It is hoped, that such a reconciliation will be productive of a coherent and adequate philosophic schematism.

THE PHILOSOPHIC BACKGROUND

~~Any~~ Any general division of the philosophic field must necessarily be arbitrary. Moreover, as we shall observe, it is not a matter of division so much as one of emphasis. The history of thought is a slow process, in which the weights of evolution gradually apportion the relative ascendancy of basic attitude. For purposes of exposition then, we will describe philosophy as falling into three main divisions: first, there is the absolutistic tradition, which up until the recent past in the history of western thought, has moulded our intellectual architecture; second, the philosophy of functionalism, a recently developed schematism; third, the organic theory of nature induced of late by novel movements in the scientific world, a theory which is still in a state of flux.

In point of historical priority, absolutism first supplied the predominant framework of western philosophic speculation---we are assuming, that the history of western thought begins with the Greeks. The Greeks are credited with its inception. As such it is pertinent to observe the nature of the specific environment, from which it grew in embryo. As contrasted with our environment, the Greeks lived in a world, which did not afford any enduring sense of ego. The world of phenomena was associated with the uncompromising directness of nature's impact. The Greeks could not utilise nature---at least to the same degree as we---so as to make it conformable to their needs. Man had not yet assumed the predominant role, that he now plays. Therefore he could not find philosophic contentment within the confines of impinging circumstance. It was thus, that the Greeks intuitively turned to the unknown to find certainty.¹ Such certainty first had as its object of reference the gods of the nature--world. Cloud tree and flower incarnated unknown deities. From thence it was but a step--a major step in the history of Greek thought--to metaphysics. Now the underlying tendency in their metaphysics was the search for ultimate reality.² Moreover pure ideas as such were looked upon as providing the clue to such definitive reality. They had a knack for unadulterated intellectual gymnastics. Later on during the middle ages, when absolutism became enamoured of idealism, theology rather than pure ideas came to open the door to ultimate reality. At a still later date a remote and impersonal mechanistic philosophy supplied a scientific procedure³ to claim that distinction. But the Greeks by and large were not encumbered by those restrictions. Pure speculation was both their forte and weakness.

Upon the consummation of Greek philosophy in pure intellectual gymnastics, the drift of environmental circumstance afforded no occasion for any important alteration of the tradition until the beginning of the middle ages. As Roman imperialism imperceptibly decayed of internal maladjustment, society no longer gave a basis for optimism. Man seemed to be within the grip of indifferent and imponderable forces. Centrifugal forces out-balanced those of a centripetal tendency. Disintegration superseded integration.

1 See John Dewey's "Quest for Certainty"; ch 1

2 It is not to be inferred, that by ultimate reality we denote idealism or mechanism. All that we refer to is the speculative turn of mind, which the Greeks possessed regardless of whether it issued in idealism or mechanism.

3 J. S. Mills "four methods of experimental inquiry" are an excellent example of mechanistic methodology.

Pessimism was rampant. The only basis of common policy left was furnished by a rising catholicism. When it had thoroughly entrenched itself, it crystallised the societal turn of events into philosophy. The result was theology. The strictly intellectual import of Greek metaphysics became tinged with a theological hue. With the Greeks the good was realised through rationality. With the medievalists, the good, as transmuted through the medium of catholicism, was the derivative of essentially theological concepts e. g. love and self-renunciation. It is true, that the scholastics excelled in intellectual gymnastics. But their quest for ultimate reality was biased in a different direction. Reason was bent to enforce the articles of faith. And the keynote of it all was the personal intimacy of an all-absorbing divine Creator. Thus monistic idealism came into its own. Its sway was regnant until the end of the middle ages. At this time powerful forces were beginning to undermine its ascendancy. What we now know as mechanism was pushing its way to the surface. Descartes represents this break between monistic idealism and nascent mechanism. His division of substance into that which is extended or material and that which is inextended or ideological is quite indicative. Remember however, that this break in nowise discountenanced the absolutistic tradition, whose fundamental trait is a leaning to monistic interpretations of the universe.

Let us now make the arbitrary statement,--for all truth is arbitrary--that life is a sequence of connected instances as related to individuality. By the phrase "connected instances" we do not mean, that as between two isolated instances, there is a third and intermediary link. Rather by connection we designate the fact of inclusion. That is the aspects or modality of one theoretical instance are drawn into the concretion¹ of the following instance; and thereby partly determine its character. Nor by individuality do we signify the mechanist's simple immutable matter. All that we are concerned to do is to point out the fact of individuality and its compatibility with unity. The fact of individuality does not necessarily mean immutability or even simplicity. In fact it is quite consistent with evolution. Evolution denotes the growth of differentiated and integrated structure. It follows from the necessity of orderly adaptation between ever-changing individual entities. Now what the medievalists did was to seize upon this connection or unity of instances in the development of entities and transform it into an all-inclusive spiritual principle. Moreover this principle was possessed of causal force. The subsidiary world of sense emanates from a first cause; and is thus integrated within the monism. We begin to see why monistic idealism failed to survive. The continued existence of a philosophy is a question of the relevancy of its ethic. The essential characteristic of an ethic is, that it shall provide a pertinent rule of conduct in the actual give-and-take of workday experience. It is of the essence of pragmatism. As soon as the conditioning force of environment looses contact with the ethic in question, people begin to adjust their beliefs. It was so near the close of the middle ages. Man began to face the consequences of impinging circumstance. The nascent modern, as he haltingly began to grope about in the objective world came to encounter the individuality of life. The tradition of monistic idealism had no room for that concept. Again the sweep of remote impersonal events--the discovery of the new world, the industrial revolution etc--into the stream of which humanity was gradually caught, indifferently upset the old notion of personal intimacy with an omnipotent Creator.

1 This term is borrowed from A.N. Whitehead--see his book "Science and the Modern World."

He just did not fit into the picture. What then? A revolt against catholicism was inevitable. More important still the altered complexion of man's environment suggested a cue to another philosophy, the philosophy of mechanism. 1 Mechanism takes its rise from the individuality of life. Just as idealism abstracts the unitary aspect of things to erect an ultimate spiritual monism, so too mechanism places individual things apart from that unitary aspect at the centre of its monistic schematism. It should be noted however, that mechanism may try to reconcile its individualistic emphasis with the unity of things through the assumption, that somehow individual separable things as between themselves observe certain exterior 2 relational uniformities. This concession the monistic idealists may eagerly take up to bring in the ultimate reality of the spiritual principle. The orthodox mechanist however should not admit such a possibility. For such an admission involves him in the surrender of individuality. Whereas monistic idealism draws in or swallows up the world of sense within its comprehensive sweep, mechanism professes the diametrically opposite theory: namely the idea that the world of sense, as defined by that philosophy, is ultimate reality. Thus whole both theories have this in common, that they are monistic, the idealist maintains reality is spiritual unity, whereas the mechanist insists it is individual entities apart from their unitary aspect. Again, whereas the medieval idealist says theology supplies the clue to ultimate reality, the mechanist offers an impersonal and remote scientific procedure. 3 But the most pertinent remark to make is this: both the monisms issue in philosophic skepticism. Both are lopsided, in that they stress one aspect of reality to the exclusion of the other. The mechanist only considers individual things apart from their unitary aspect; the idealist the unitary aspect apart from individuality. And both being monistic consider these respective aspects in a priori terms. It is because of this fallacious abstraction that skepticism results. Let us examine the above two schematisms in a more critical manner. Any philosophy may be criticised, in what for our purposes are its two main parts, namely the aspect of causality and that of substance. On the one hand to account for the why of existence a philosophy will have some theory of a causal force permeating the flow of phenomena. On the other hand to account for the what of existence it will descriptively characterise phenomena as exhibiting an inherent constitution. Let us first consider mechanism in the light of the above analysis.

With respect to substance the mechanist offers three interrelated concepts, that of "simple location", 4 that of static equilibrium, that of the simplicity and irreducibility of matter (individual entities.)

- 1 The term mechanism is preferred to that of materialism or naturalism; for, whereas materialism connotes certain ethical implications and naturalism a wider philosophic sweep than is here intended, it comes closer to what I have in mind. 2 the term exterior is used to denote the fact, that these relational uniformities are not ingredients of actual things or entities.
- 3 J. S. Mills aforementioned four methods of scientific procedure---method of difference, concomitant variations etc.--are an excellent example. 4. This term is borrowed from A. N. Whitehead--see his "Science and the Modern World."

By the first concept we refer to the belief, that the world of nature is constituted of individual separable objective entities; by the second to the idea, that such entities inter se display or observe fixed and exterior 1. relational uniformities; the third to the opinion, that they are simple, indivisible, rudimentary. The theory of "simple location" obviously abstracts one aspect of reality to the exclusion of the other. We have observed, that life is a sequence of connected instances as related to individuality. Now while it is perfectly legitimate to stress the importance of individuality, to do so at the expense of the unitary aspect of that individuality as displayed in the development of organic structures, is to engage in fallacious abstraction. In falling then to accommodate the fact of unity, the mechanist exposes himself to adverse criticism. Nor is it true, that the concept of static equilibrium successfully bridges this theoretical breach. The unity of life organically conceived is quite different from a world, whose constitutive separable entities observe certain relational uniformities. For separable entities are entirely alien to unity as an ingredient of those entities. By unity we signify the inclusiveness of the part (one entity) with the whole (the remaining entities.) Not that the identity of the part is swallowed up in that of the whole. Rather the very existence and nature of both are mutually interdependent. This is not so with the mechanistic universe. Here the individual entity is regarded sui generis as ultimate. Neither is its existence or nature bound up with anything else. It just is. When we specifically come to analyse the idea of static equilibrium, serious defects arise. For one thing it gives no satisfactory explanation of change. Change in its view is epiphenomenal: that is, where it concedes this factor, it conceives the same in terms of extraneousness. 2. Again static equilibrium exhibits a vicious circularity, which, if true, reduces life to the confines, of what destiny or fate decrees. The introduction of inflexible cyclical reiteration is a mere elaboration of the theme. 3. While it is true that civilisations have come and gone, that they have collapsed through some inherent malady, that does not necessarily mean, that destiny--whatever that is---decrees the same. It may be due to entirely different reasons, whose cogency we will later argue. Such circularity also vitiates the logical structure of thought. The science of logic postulates the possibility of ever-developing truth. Otherwise all thinking would be beside the point. When we turn to the concept of the simplicity and irreducibility of matter, it suffices to remark, that it wholly overlooks the fact of evolution or structural development of individual entities. It appears then, that the mechanistic view of substance is biased too much in one direction. The emphasis is on half-truths. It remains to glance at the mechanist's view of causality.

There are two possible ways of constructing a mechanistic theory of causality. In the first place, since the concept of static equilibrium (exterior relational uniformities) is assumed, the mechanist might introduce a supra-personal spiritual principle or prime mover as possessing propulsive force. However the orthodox mechanist should immediately forgo that alternative, as it leads him into logical difficulties of the first order--we have already pointed out those difficulties. As the philosophic schematism of the German philosopher Kant reveals, the half truths of the two monisms of idealism and mechanism are irreconcilable on a priori terms.

1. As was mentioned before, the word exterior is used to denote the fact, that these relational uniformities are not ingredients of the entities.
2. Gustav Cassel's concept of economic methodology is an illustration of this--see his book "Fundamental Thoughts in Economics"
3. Such a theory is embodied in Oswald Spengler's "Decline of the West."

Each regards the other as epiphenomenal. Moreover, as we will later argue, even, if the spiritual principle were accepted, such a principle of itself is objectionable in explaining causality. That being so, mechanism reverts to discover a principle of causation within itself; and here exhausts its ingenuity in trying to ascribe causal force to some arbitrarily selected individual entity, from which an invariant sequence flows--the sequence is synonymous with the exterior relational uniformities posited by static equilibrium. In order to eliminate plurality of causes--for the number of individual entities is exceedingly great--phenomena are classified into seemingly intelligible groupings, within which the number of causes is thus artificially limited. 1. In statistics--in the main a mechanistic methodology--the schematism is given finesse through the elaboration of a method of correlation, which in some circles seems to be regarded as synonymous with causation. Its plausibility is given apparent cogency, in that it makes for fairly accurate description. ~~But~~ ^{description and} explanation are not always the same. Moreover close examination reveals, that in the last analysis no principle of causation has been offered at all. Just because phenomena have sequence does not mean, that any individual entity in the sequence can be singled out as possessing causal force. In fact within the confines of static equilibrium such an hypothesis is quite untenable. For causal force implies something, that is productive of something else, which, if not wholly, is at least partially new or different. Now within the context of static equilibrium change is impossible. Both the individual entities and the exterior relational content are static. As such no causal force can inhere in the sequence, even if you artificially classify phenomena--it is not to be inferred, that phenomena can not justifiably be classified into what are largely distinctive groupings; but that is a different matter than causation. Again we should point out, that, even if you impute causality to the mechanistic schematism, what authority is there for seizing upon a particular entity in the sequence as being possessed of causal force? In such a case it seems a mere matter of temperamental choice. Mechanism then in its two main aspects, that of causality and of substance is open to serious criticism. The mechanist may stress certain undeniable half-truths; but half-truths, although productive of results in practical living, must be suspiciously regarded in the light of philosophic truth. Monistic idealism also crumbles when melted down in the crucible of criticism.

In its aspect of causality idealism need not detain us for long. To the idealist the propulsive force of the universe is to be found in the omnipotent uncaused cause, the prime mover. 2. Call it God, or transcendental form, call it what you like, it transmits its innate energy into otherwise lifeless and in a sense non-existent phenomena. 3. The first criticism of which one immediately thinks is found in the child's query: "but daddy, who made God?" Experience (not to be interpreted solely on an empirical basis) finds no room for uncaused causes. On a specific instance experience may leave us in doubt, as to how causality was involved.

1. See J.M. Keynes treatment of causality in his book "A Treatise on Probability; ch. 22. 2. Aristotle's doctrine of the species may possibly be thought of as a refutation of this, statement. However it must be recognised, that, while for Aristotle causality was inherent in the world of sense, it was clothed within a teleological framework. Thus in the last analysis his was a doctrine of final causation. As such it really amounts to the above doctrine. 3 some idealistic philosophers entirely circumvent the troublesome concept of causation as inherent in the world of sense by the conception of the eternality of the universe. Such subtlety merely sidesteps the whole issue. See "Pragmatism" by William James; pa 39

But we must not infer credulity from ignorance. In the past after diligent research, nature herself seems to have supplied reasons sufficient to the explanation of some few phenomena. Perhaps, if we put still more faith in intelligence, nature will relinquish the deeper secret of causation. All this leads us to the reiteration of a pertinent point; monistic idealism no more than monistic mechanism is not compatible with full-orbed experience. The secret of causation still eludes us. Idealism offers us little more in respect of the nature of substance. When it abstracts the aspect of unity into ideological or spiritual monism, thereby resolving the world of sense into epiphenomena, it forgets, that individuality in its pragmatic context is just as important as unity. And so we bring to a conclusion our survey of the absolutistic tradition. It remains to bring our survey up to date.

In any review of the philosophies of mechanism and idealism, the most striking feature characteristic of both is their predilection for the ultimate. More important still, to possess certainty the ultimate is conceived in terms of immutability and fixity. It, if ascertained, solves all questions of existence in the past present and future. Inevitably one, who holds such a view, does so to the exclusion of the world of activity and change. The objective world does not reveal any finality. While it may exhibit definite forms and intrinsic substance, these are ever in a state of flux. Gradually as man began to extend his inquisitive tentacles in the attempt to control in limited degree his impinging environment, so too his philosophy underwent imperceptible cumulative change, until it came in the last quarter of the last quarter of the nineteenth to stress the study of activity as such. The philosophical elaboration of this is called pragmatism. As applied to the wider field of knowledge, we well term it functionalism. As such it restricts one's comprehension to the study of unprincipled activity. Cumulative sequence is only recognised. The quest for the ultimate is abandoned. During the course of its development, its inevitable counterpart was the separation of the world of thought into various specialised sciences. The reason is obvious. If activity as such becomes our primary concern, then the whole universe of fact comes into our ken. In order to handle that vast array of factual material, classification and specialisation are necessary. Now the danger is that in the effort to keep this impressive array before one's view, the sight of a possible unifying principle will be lost to view. It is true, that the Darwinian principle of natural selection in connection with the concept of evolution ^{has been seized upon as} ~~is merely descriptive, not explanatory~~ ^{and that such evolution in the Darwinian sense}; and the motivating force of natural selection places too much emphasis on the influence of objective environmental circumstances. While the absolutistic tradition contains many errors, it at least was involved in the quest for a unifying principle. This the philosophy of functionalism or pragmatism fails to do. It may be true, that the pragmatic test is an excellent criterion of the truth of an idea. But the genetic l. theory of truth is not thereby established. Philosophic inquiry is led on in the hope, that specific data may be found to cohere in an inclusive constitutive designation. Not that such a designation will discard the aspect of change. Rather it is our hope, that both the aspects of change and coherency will be included. This the philosophy of functionalism fails to do. It can not see the forest for the trees. With this in mind we turn to examine recent and at the same time indeterminate movements in philosophy induced primarily by the sciences of biology and physics.

1. See William James's book, "Pragmatism" for an account of this.

Since the inception of the mechanistic conception of nature in the seventeenth century, the physicochemical interpretation of biological phenomena has reigned with but few exceptions until almost the end of the nineteenth century. In recent years however, what were formerly minor and discordant strains have been coming to the fore. The evolutionary concept of Darwinism, while in point of its historical inception has been accepted as synonymous with mechanism, may have entirely different implications. The issue has been sharply drawn in the controversy between vitalism and mechanism. Vitalism asserts, that the organic phenomena of life can not be interpreted in physicochemical terms. The vitalist is impressed with the fundamental difference between animate and the inanimate; and so he superimposes on the inorganic mechanistic world, another one characterised by entirely different phenomena. Thus a sharp division is set up. Now such an artificial division seems to deny the integral nature of reality. If the universe is split up into two parts, one the physicochemical, the other the organic, then in my experience no connection is possible between the larger part of the nature-world and myself. The absurdity of this situation is quite apparent. For, if, such is the case, how can we account for the obvious connection between such phenomena as the rays of the sun, the fall of rain, and the growth of organisms? Nor can the division be vindicated by the theory of emergence. As J.B.S. Haldane 1. observes, the inherent constitution of a physicochemical universe does not supply those conditions necessary to the emergence of an organic world. Rather we must either accept the one or the other interpretation in a whole-hearted fashion--a third alternative may be possible. This hostility between the above two theories is again brought out in the science of physics. During the seventeenth, eighteenth, and major portion of the nineteenth centuries, the philosophy of mechanism was in the saddle. However as the nineteenth was drawing to a close the inadequacy of that theory slowly began to penetrate the more receptive intellects--we are talking in terms of tendencies. The impact of the "biological developments, the doctrine of evolution, the doctrine of energy and the molecular theories were rapidly undermining the adequacy of orthodox materialism" 2. But, was not until the present epoch, that the simplicity of the old orthodox assumptions disappeared. Such theories as the quantum theory and that of relativity demand reorientation in philosophy. Science has now become a peculiar mixture of biology and physics, both of which have been tinged with organic as contrasted with physicochemical theories. The resultant confusion has led to recent attempts of reconstruction in philosophy, the most comprehensive of which is A. N. Whitehead's "philosophy of organism." Let us briefly indicate, what for us is its more fundamental import.

We have observed, that the idealist regards substance as being identical with mind, that on the other hand the mechanist regards it as individual separable objective entities. Whitehead however looks upon substance as "the one underlying activity of realisation individualising itself in an interlocking plurality of modes" 3. What does this mean? Forgetting for the time being the phrase "underlying activity," let us illustrate. If I see some people walking down the street, to the mechanist the essence of substance is the fact of those individuals considered in themselves; but to the idealist substance is the subjective

1. See his "Philosophical Basis of Biology; p 39.

2. See A.N. Whiteheads "Science and the Modern World; p. 142

3. See A.N. Whiteheads "Science and the Modern World; ch. 4 p. 87

mental process, by which I am enabled to see those people. Now what Whitehead has done is to bring these two views together in their proper proportion. He tells us, that substance is the perspective of those people over there on the street from the standpoint of the unification of modes, as it takes place in the perceiving subject, myself. Moreover Whitehead is quick to assure us, that the above in actual life is a process, that life is continuously and in orderly fashion realising itself from moment to moment in just this way. In his own words "the concept of the order of nature is bound up with the concept of nature as the locus of organisms in process of development" 1. So far so good. But questions at once arise. We may accept Whitehead's theory of substance, but does he give us an adequate theory of causality? What is the nature of the propulsive force, which causes his concept of substance to take on life, to move in the way, that reality does? Whitehead himself oscillates in one chapter between the two alternatives of finding a principle of causation in nature or in God. 2. Later on however he contends God to be the final causal force permeating the phenomenal aspect of substance. 3. He does so by envisaging a substrate general activity, out of which issues the multiplicity of realised particularities. The reason for the realisation of such activity is, because of the intermediary limitation imposed between substrate general activity and particularisation. God is conceived as the ultimate limitation. As an aspect of the ultimate limitation, Whitehead conjures up the concept of "eternal objects," which give order to the changing world around us. Parenthetically, we should observe, that he hesitates, as to whether these "eternal objects" exist in the pragmatic context of life or in the substrate world of activity, where they impart a mysterious halo to the pragmatic universe, thus giving it its aspect of order. No reason can be assigned for such limitation, for the nature of God is not concrete actuality --and this by the way is all that human mortals can experience--but the Plutonic ground of such actuality. God is thus the base of organic substance. He is also the apex, for Whitehead goes on to make the paradoxical statement, that "God must be sought in the region of particular experiences and therefore rests on an empirical basis". 4. Now we have already revealed the logical difficulties inherent in the concept of God as a causal force. Moreover we are loathe to set up a nether region of general activity. Activity is neither substrate or general. It is instantaneously realised with particularisation; and is therefore specific and pragmatic. It is not true, as J.B.S. Haldane 5. would have it, that the unity of life gives cogency to the concept of God. Rather we affirm, that that unity is realised only as related to a pragmatic context. In the history of philosophy the difficulty, which confronted the individualistic philosophy, was, that in discarding idealism the unity of life seemed to have disappeared. Now the very point of Whitehead's "philosophy of organism" is, that it supplies that unity within the context of individuality. The interaction between individual things is not interposed by some exterior force. Quite the contrary that interaction is of the essence of self-generative organism. The unification of modes, as realised in particularisation, simply means, that the changing individual entity is the residual claimant of the product of the interaction.

1. "Science and Modern World"; p 92
2. "Science and Modern World"; p 115
3. "Science and Modern World"; ch 11
4. "Science and Modern World"; ch 11 p. 222
5. "Philosophical Basis of Biology" ; Lecture 3 p.118.

There is no prescriptive reason for introducing the concept of an initiatory exterior agency. In fact, as we have pointed out, there is every reason for not doing so. Of course it may be argued, that, if Whitehead's "eternal objects" -- somewhat in the manner of Aristotelian species--exist in a pragmatic context, the concept of such an exterior agency is not exterior at all. But that is fallacious logic. To clothe the actual universe within a teleologic framework means, that in the last analysis a monistic idealism is once more advocated. But it is our belief, that a principle of causation can be found in the pragmatic context of nature herself. It is to that end, that we now turn.

It will be remembered, that Whitehead's doctrine of substance has given due consideration to both the aspects of unity and individuality. But those two aspects in our opinion have not satisfactorily been united in ^a constitutive inclusive designation. 1. Such a reconciliation in our opinion is to be effected by a principle of causation inhering within Whitehead's concept of substance in its pragmatic signification. Thus a further analysis into the objective and subjective aspects of substance is required. Before we do this, it should be mentioned, that such an analysis does not pretend to fully characterise both the objective and subjective aspects of substance. Rather what follows is only illustrative matter. With regard to the objective aspect let us note the fact of inadequacy. One's environment is never complete, the reason being that one's environment is continually changing. The degree of completion or adequacy may vary from time to time. For instance feudalism engendered a more complete environment than does society of the present epoch. By and large however the fact of environmental inadequacy or incompleteness exists. On the other hand when we turn to the subjective aspect of substance the pertinent fact is this: there is a self-generative force inherent in individuality. It is something in the nature of Bergson's *élan vital*. Now Whitehead has told us, that the objective and subjective aspects come together through the continuous process of unification, as realised in particularisation. Our conclusion then is, that the self-generative impulse of a subjective entity unites with the aspect of inadequacy or incompleteness of an objective entity or entities; and produces--what? It produces change. The propulsive causal force is therefore inherent in substance as defined. This is somewhat similar to Aristotle's concept of matter and form; except that the teleologic framework is abandoned. Let us illustrate. If we can visualise a theoretical static condition of nature, and then introduce into the picture an individual entity, which is not only possessed of an innate self-generative impulse, but is impressed with the fact of objective incompleteness or inadequacy, we can easily foresee, that it is quite probable, that in the unification of modes, a partially different entity will result. This in turn involves adaptation on the part of the objective individual entities within the orbit of the original entity's influence. Gradually the influence, continuously undergoing change, permeates to the limit of the field of interaction, while at the same time other influences of similar origin revert back along the line; and so substance as defined is thus compelled to move. Again--and this is important--in order that the continuous adaptation of entities shall proceed, the residual deposit of the same must be definite form-structure: that is individual entities must possess structural form; and that structural form is all the while undergoing a process of change. The fact of such form-structure imparts the aspect of order or stability to what otherwise would be unprincipled change. This then is our alternative for "eternal objects" or

1. Constitutive refers to the essential constitution of reality.
Inclusive refers to the totality of reality.

Platonic ideas or Aristotelian matter and form clothed within a teleologic framework. But we are not finished yet: it is important to notice, that, where a condition of consciousness inheres in individual entities, the aforementioned adaptation will in all probability be influenced by the imposition of the will of the minority of individual entities on that of the majority--we are speaking in terms of tendencies and not of a sharp division. That is where consciousness exists, so does purpose. Again some measure of common policy is necessary, where more than two conscious entities exist: thus the existence of a society of individual entities is made possible. Now, since purpose is individual, where and when no inclusive neutral relation 1. is imposed, to effect a measure of common policy, the only way out is through the imposition of the will of a minority on that of the majority. Thus it is, that the development of form-structure may be influenced. The situation may be summarised in two remarks: first, that some measure of common policy is necessary in a society of individual purposive entities--otherwise they are doomed to extinction; 2. second, that, where no inclusive neutral relation is imposed in the common interest, that common interest will in the nature of things be superseded through a minority interest imposed by a societal schematism, the authors of which will be that same minority. The further implications of the introduction of consciousness into the characterisation of individual entities will be considered in its application to sociological phenomena. Let us now discuss a further implication of our slowly crystallising speculative schematism. We refer to the fact, that plurality of causes, the bugbear of mechanism, is no longer a problem in the light of the above discussion. First of all however we should emphasise this: causation, as we have defined it, is not simply involved in the particularisation of individual entities, which have no stabilising locus. Too often in the past that stabilising aspect of reality has been found in some form of transcendentalism. ^{or mechanism} We have suggested the alternative hypothesis, that the residual deposit of the on-going process of creativity is explanatory of that aspect. The background and ever-present goal of activity is definite form-structure. The past determines the future but not in any calvanistic sense. The future is forecast to a certain extent by the past but not in any deterministic sense. So much for the aspect of order or stability. Let us turn to a consideration of plurality of causes.

Plurality of causes, the bugbear of mechanism may be introduced into an event in two ways. First it is often said or assumed, that some one objective mode apart from the individual entity in question in a given event ought to be singled out as possessing causal force. Either that or an equation is constructed in which various objective modes (factors, aspects etc.) are combined in such a way, that approximately accurate weights are given to them. Parenthetically we might observe, that this attitude is commonly adopted in economic and sociological literature. Let us illustrate. Suppose that I am standing at an intersection in a street. I have nothing to do and am "putting in time." Suddenly I move across the street to the opposite side--it should be said, that movement is not an absolutely essential or incidental to movement, although the two seem to go together quite

1. This is a particular kind of common policy. By neutral is meant, that the relation imposed shall be impartially designed so as not to favour certain members of society; by inclusive that it shall apply unreservedly to that portion of society, to which it is applicable. This term is further elaborated in the latter part of the thesis.
2. this is so obvious, that further explanation seems unnecessary.

often. Now what caused me to do this? Many objective modes can be singled out,--the blowing of a horn, the motions of a traffic officer, the change in the colour of the stop light etc. but which is possessed of causal force? Some will say this; others that. And some will try to combine the various objective modes into a correct equation 1. Now the whole point of causation is missed here. Causation properly understood does not involve the introduction of such objective plurality. No single mode or modes in a particular combination apart from the individual entity is possessed of causal force. It is only in the unification of those objective modes, as it takes place within myself the perceiving subject, that causation can be said to operate. What particular modes they are does not matter so much. Rather the important thing to stress is the unification of modes, whereby in this case I am impelled to move across the street. It is true, that I do not have to; for my will may impel me otherwise: and to that extent the effect (moving across the street) does not necessarily follow the situation possessed of causal force. But that does not alter the significance of our point. There is yet another respect, in which plurality of causes seems to be involved. Instead of considering the multiplicity of objective modes in a given situation, it is possible to ascribe causality to the subjective ones. We might say, that I moved across the street, because I was in a certain mental or physiological state. Plurality is thus introduced again. But here too we repeat, that the nature of causation is overlooked. Causation is not to be thought of either in terms of a multiplicity of subjective or objective modes. Causation is to be viewed only in terms of the interlocking of modes both objective and subjective, as it takes place in the perceiving subject or individual entity. It may be helpful to an understanding of why a certain event took place, to delineate the character of both the objective and subjective situations. But that is all. We have then come back to our previous conclusion, that causal force inheres in substance as defined.

It is now time to bring this philosophic quest to a close by drawing up its main implications. A convenient starting point can be provided by reference to a certain essay 2. written by the late William James. In this essay James begins by pointing out the contrast ^{between} the empirical and rationalistic traditions in respect of the characterisation of substance. To the empiricist (I use the word mechanist) substance is brute material; to the rationalist, (I use the word idealist) ideological stuff. He then proceeds to tell us, that neither characterisation is correct, that on the contrary what constitutes the common factor in the two notions is "pure experience", a kind of neutral stuff, whatever that is. Now according to our philosophic interpretation James is quite beside the point. It may be true of course that individual entities are constituted of one rudimentary essence. That however is not the point. If we are endeavouring to interpret phenomena in the light of an inclusive constitutive designation the point is, that the world about us is made up of individual entities. This is the aspect of individuality. Moreover these entities "prehend" 3. one another. This is the aspect of unity. In addition running through the

1. The methodology of V. Pareto is an excellent example--we are referring to his theory of factors.
2. See "Essays in Radical Empiricism": "Does Consciousness exist". Essay no. 1.
3. "prehend" is borrowed from Whitehead; it means the grasping of one individual entity of some other aspect or part of the other individual entities and appropriating them in the formation of its own nature.

prehensions of individual entities is the causal factor, as described in the above. This in turn means, that reality is an on-going temporal process of creativity. Now--and this is a point, important for the social sciences--the residual deposit of the temporal process is evolutionary form--structure. That is the on-going process of creativity flows over into definite structural form. Thus it is that the aspects of unity and individuality are reconciled within a pragmatic context. This evolutionary form-structure is both the ever-present background and goal of activity. As the background it is our past which imposes limitations though not necessarily deterministic upon that activity. As the future it is the ever-present end-in-view. Again it provides that stability that order² which too often in the past has been provided for by some form of transcendentalism. 1. All the while we should note the fact, that in a world, in which individual entities possess consciousness, there is a tendency for the will of a minority to be imposed on that of the majority. This follows from two observations. First, some kind of system is necessary, where more than one *Conscious* individual entity exists; for the reason that common policy is essential to the existence of society. Second where and when there is no neutral inclusive relation imposed on the members of society, the only other alternative, whereby a system or common policy can be effected, is through the imposition of the will of the minority on that of the majority. It would not do to have the will of the majority imposed on that of the minority, because first of all it would be impossible--only a few can combine to present a united front; and in the second place, even if it were possible, there would not be much profit in such an enterprise--there is much to be stolen from a subjected majority but not from a subjected minority.

1. Plato's ideas or Whitehead's "eternal objects" are examples.

2. We might also note, that the above concept of order replaces the mechanistic one of static uniformities. For an illustration of the latter see J. S. Mill's book "A System of Logic": Bk. III: ch. 21.

PREFACE TO SOCIAL THEORY

The following sociological discussion purports to indicate how social theory issues from a philosophic background. Moreover such a demonstration will automatically offer suggestive hypotheses in the way of a solution of some of our more important social problems. At the same time what in our treatment appeared to be a condensed speculative schematism will be further elaborated. Finally it is worth while to notice, that, since philosophic speculation must be necessarily prior in point of time to any social theory, the obvious question arises, as to whether we can justify the creation of a separate discipline of social theory.

SOCIAL THEORY

It will be remembered, that the preceding discussion issued in a reconciliation of the two aspects of reality, namely the aspect of unity and that of individuality. It will be our purpose here to indicate how that reconciliation provides a solution of the more fundamental problems of social theory.

Social theory may be conveniently divided into two interrelated parts. First of all there is the question of the nature of social fact; second, that of social law. With regard to the former we should at the outset make clear our position, that, when we speak of social fact, we are not directly or indirectly setting up a distinct line of demarcation between physical and social fact. Such a distinction is entirely artificial. The reason, why we cling to that distinction, is not because there is a fundamental cleavage between the two; for reality is integral. It is because physical science has abstracted a small portion of the totality of reality, set up its axioms, and proceeded to work out a logically consistent structure of thought: once the imposing structure had acquired some cogency, we foolishly went on the assumption, that the mechanistic postulates of physical science had some all-inclusive claim to an interpretation of the nature of reality. But in the meantime we have neglected to go back to those postulates and question their validity. Such an inquiry, we have disclosed, would reveal the inadequacy of mechanistic physical science as a full-orbed interpretation of reality. It is true of course, that of late the physicists have come to see that inadequacy. But the alternative, they have suggested, is equally bad metaphysics. The alternative, to which I refer, is idealism. ¹ Further elaboration seems unnecessary and inappropriate. You see once the physicist becomes aware, that his specialised science leads to inherent contradictions, he immediately begins to flounder about in a field foreign to his specialised sense; we refer to the field of philosophy. He does so in order to find a way out of the difficulty. As mechanism has been found wanting, he immediately, as all bad philosophers do, swings to the opposite extreme. The whole difficulty is that no comprehensive and adequate philosophic schematism--we may say, that Whitehead is a partial exception--is in our possession. It is our opinion, that such a schematism would in the last analysis postulate the constitutive uniqueness of all facts. It is true, that there is a difference of degree between classes of objects, But it is only a difference of degree. There is no sharp division between an animate and inanimate world. If there were our experience would be inchoate and not integral, as it tends to be. So much then for the relation between social and physical fact. With the above in mind, let us turn to our inquiry in respect of the nature of social fact.

It may be said at the beginning, that in sociological literature there is no little amount of confusion. And as is to be expected, that confusion is largely the result of bad metaphysics; for speculative proclivities curiously enough have much to do with the determination of just, what the facts are. It would here be impossible to review all the contemporary sociological theories. But such a cursory review would reveal the same tendency, though more inchoate, as was discovered

1. The English physicists, Jeans and Eddington, are referred to. The German physicists Planck and Einstein do not agree with their English contemporaries.

in the field of philosophy. The tendency to which we refer, is that of abstracting one aspect of reality to the exclusion of another. By and large such abstraction in sociological literature seems to bear the same though more indefinite earmarks as those in philosophy. That is there are three distinct tendencies: there is the attempt to abstract the aspect of unity to an all-inclusive position; then there is the diametrically opposite effort to abstract the aspect of individuality to an equally all-inclusive position of ascendancy; finally certain sociologists of a more modern bias lean to a functional view of society.

1. As an example of the first we have the sociologistic school 2. inclining to the interpretation, that the community is a mind or soul. On the other hand we may observe a variety of schools 2. travelling in the opposite direction, the direction of mechanism or the apotheosis of individuality. Under this latter tendency we may include, Le Play's school, the geographical school, the anthropo-racial, selectionist, hereditarist and demographic schools; and finally the mechanistic school proper. That is the central tendency of these schools is to select some one of the flow of individual phenomena--population, hereditary characters etc.-- and ascribe to it the distinction of affording the most complete interpretation of society. This of course is in conformity with the main bearing of mechanism. With regard to these two tendencies of monistic idealism and monistic mechanism nothing in the way of criticism need be said--that has already been accomplished in our philosophic discussion. The same may also be said as to any criticism of functional sociology. However in the light of our philosophic schematism, what should be effected is a reconciliation of the aspects of unity and individuality within a pragmatic or functional context. Social fact then is compounded of these two aspects. As Mac Iver 3. points out both the individualistic and unitary aspects of activity should be recognised in any complete interpretation of society. Such an elementary truth appears still to escape the more careful attention of many sociologists. That is not enough however. They must be resolved into an integral relationship with one another. Such a reconciliation will carry us from an inquiry into the nature of social fact to one into the nature of social law.

Social law is introduced into the picture of social phenomena through a consideration of causation. It will be remembered, that in our philosophic discourse we first postulated the existence of individual entities. We then went on to say, that individual entities prehend one another. We further stated, that, running through the interstices of the continuous unification of both the objective and subjective modes, there was a causal factor involved in the activities of individual entities. Now the factor of causation was said to mean, that individual entities have a reciprocal influence on one another. So too in the social realm individuals have an influence on one another. This in turn means, that structural adaptation on the part of the members of society is required, either negatively or positively. There is a moving equilibrium, a process of continuous adjustment. The net result is evolutionary form-structure. That is the members of society are manifest as form-structure--and by the way they are not manifest as such apart from society; for it is in the fact of form-structure that society and the individual are integrally related. I was once a

1. P. Sorokin is an example of this tendency.
2. For a description of the tenets of these schools see Sorokin's "Contemporary Sociological Theories."
3. See his chapter on "~~Fake~~ Perspectives of Community" in his book "Community."

~~Fake~~

a protoplasm. Now I am a definite structural entity. Social law then is synonymous with the formation of form-structure. It must not be thought, that we import into the meaning of this word the Spencerian concepts of uniformity, gradualness, and progressiveness of growth. Modern anthropology 1. has shown, that social forms do not pass everywhere and always through the same stages of development; nor that the transformations are gradual in every instance; nor that the changes implied in the transformations always point to more perfect adjustments. Again we do not mean anything synonymous with the modern doctrine of emergent evolution. Adherents of this doctrine to illustrate their point artificially separate the components of a given individual entity, --notice the word individual--and then by artificially, that is mentally, putting them together again tell us, we have a new entity. Now the important consideration neglected here is, that the original individual entity in actual fact was never separated into discrete parts. For instance water as an individual entity never exists in the form of two discrete parts, ~~by~~ hydrogen and oxygen. And so, if we are to account for novelty in life, it must be done in some other way--in the light of our discussion we would say, that the element of novelty is introduced by the causal factor as defined. To sum up; all, that we wish to advocate, is the fact of evolutionary form-structure, in which both the aspects of unity and individuality are resolved. The continuous formation of form-structure posits then the fact of social law. But we have not yet done with social law. The above account nowhere takes into consideration the obvious truth, that in the formation of social form-structure there is always present the possibility of the potential disintegration of society in the long run; and distressing dislocations in the body politic in the short run. On the one hand how are we to account for the waxing and waning of civilisations--we formerly discarded Oswald Spengler's thesis. On the other hand how account for the temporary yet ever-recurrent dislocations in the body politic. For instance in our own age, there seems to be a lack of balance 2. in the rates of change in the various parts of society. We do not mean to infer, that it is undesirable, that the parts of the social structure should change in relation one to the other. What we do consider to be ominous is the lack of balance in those rates of change. An excellent example of this is the business cycle, to which we will later give our attention. But in the meantime has our philosophic schematism any bearing on these problems? Let us see.

We have formerly said, that, whenever and wherever consciousness is involved in the flow of prehensions as between individual entities, there is always the possibility, that the will of a minority will be imposed on that of the majority. Moreover we contended, that this inevitably happens, where and when no inclusive neutral relation 3. has been imposed. Again it was pointed out, that, where and when more than one individual exists, some kind of common policy is necessary. The necessity of such common policy is a truism.

1. See Goldenweiser: "Early Civilisation" : the introduction.
2. See the introduction to "Recent Social Trends."
3. We have said in the above, that by inclusive we mean that the relation imposed shall apply unreservedly to that portion of society, to which it is applicable; by neutral, that it should be impartially designed so as not to favour certain members of society to the neglect of others.

Now obviously where and when no inclusive neutral relation is imposed, then the only other alternative is the imposition of the minority's will on that of the majority; for that alternative is the only other possible way out. In the following exposition we will suggest the hypothesis, that ultimately the aforementioned potential disintegration of society in the long run and the ever-recurrent dislocations in the body politic are definitely linked up with that imposition. We will first discuss the latter. But before we do this let us clarify our position in respect of the imposition of the minority's will on that of the majority.

One of the observations of an acute political philosopher 1. is the complexity of the interaction of the wills of the members of society. It would therefore be false simplicity to say, that society is divided into two distinct classes, one of which consciously brings the impact of its united will to bear against the other. In the first place such an impact is not consciously pre-arranged. As we indicated in the above, that impact is the inevitable consequence of a situation, where no inclusive neutral relation is imposed on that particular portion of society, to which it is applicable. Such an imposition would so bind the members of society together, that the interaction of wills would not be in unnecessary conflict. Some conflict of course is always involved. But conflict of the kind, that leads to the division of society into irreconcilable classes, is not necessary. It is only when the state neglects to frame intelligent policies, that such conflict ensues. Again we must not conclude, that the division of classes, to which such conflict leads, is not a division of society into two distinct and diametrically opposed classes. Rather it is a gradation of division. The oppositions of societal wills gradually taper off into one another. The extent, nature, and allocation of these oppositions--it is not to be inferred, that oppositions solely characterise the relations between individuals--are constantly changing. But at the same time it is contended, that, running through the flux of such oppositions, there is the ever-present tendency for a definite division of interest 2. to separate in an irreconcilable fashion the quasi-supra minority from the quasi-infra majority. In certain instances that division is more sharply defined as for instance in Russia immediately before the revolution of 1917; and in France before 1789. In other instances of course the tendency is not so spectacular. But it is there. Its presence accounts for those temporary and recurrent dislocations in society; and also provides a suggestive hypothesis in the way of explaining the potential disintegration of society. Let us first consider the business cycle 3. as a representative though more spectacular sample of the former.

First we are of the opinion, that there is no business cycle, if by that term is meant a regular periodicity of the oscillations of business enterprise. 4. All that we adhere to is, that there are

1. The reference is to Harold Laski : see his Grammar of Politics."
2. For an illustration of this see the first portion of Charles and Mary Beard's book, "The Rise of American Civilisation."
3. The analysis in respect of the business cycle does not pretend to be a detailed one. We are only concerned to indicate the more general background from which it arises.
4. G.D. H. Cole is of the same opinion : see his "Guide through World Chaos."

temporary and recurrent dislocations, regular or irregular, in the business world. Turning from definition to analysis we should note at the outset note, that Wesley C. Mitchell says in effect, that the problem of the business cycle is bound up with the inception of the money economy. 1. Money and its role in the affairs of business enterprise affords the crux of the problem in his opinion. Let us see, if we can extend the argument. We shall first postulate the arbitrary assumption, that the desirable neutral inclusive relation, where a highly developed money economy exists, is equality of money income. 2. Again let us postulate the actual condition, where, because of the imposition of the minority's will on that of the majority or underlying population, there is a fairly wide disparity in the amount of money incomes. Now let us follow out the consequences of this latter postulate. First of all we note, that the private bankers control the supply of credit (cheques) which of course comprise the major portion of the media of exchange. It is not asserted, that the private bankers can create credit willy-nilly. J.M. Keynes points out in his "Treatise in Money," 3. that it is only partially the case, that private bankers create credit. All that is suggested is, that private bankers occupy the strategic position in any increase or decrease in the supply of credit. Now let us suppose, that our economy is expanding. Such expansion automatically requires the creation of more credit. Now this credit, that is created, is paid out in various ways. Wages and salaries of those, who make and distribute consumer's goods and also of those workers, who make capital goods and finally the purchases by capitalists of consumer's goods out of their profits, interest etc. all go to create the total demand for consumer's goods. This total spent for consumer's goods fixes the amount produced and the prices. Now--and this is important--the bulk of the income of the capitalists is not spent on consumer's goods but reinvested. It is true of course, that some kind of saving and reinvestment is necessary. But the pertinent point here is, that in a business world, where there is a scramble for money,--a concomitant feature of inequality of income--there is a cumulative tendency for this amount of money to be reinvested to cumulatively increase; so that in an expanding phase of business enterprise this amount reinvested gradually but more quickly as time goes on, becomes an unduly large proportion of the total money income. A hiatus or gap between the amount of money spent on consumer's goods and producer's goods develops. That balance is lacking in the rates of change between the amount of money spent on consumer's goods in a given period of time and the amount reinvested in the same period of time. Of course it may be said, that, if too much money is going into the channels of reinvestment, then automatically more money will be given out in wages etc. and the balance will be preserved. But this is just, what fails to happen; for--and especially in the upswing of the cycle--a considerable proportion of the money going into reinvestment channels never reaches the hands of those who would put it to productive use. 4. Thus the equity of the investor class gradually gets thinner until the underlying support of the funds invested in the capital--goods sector becomes increasingly tenuous. Finally some slight influence--for instance a rumour on the exchanges--is sufficient to bring about the inevitable collapse. And then the whole process starts over again--there is reason

1. See his book on Business Cycles; p 182.

2. See B. Shaw's "Woman's Guide to Socialism and Capitalism" for a presentation of this view.

3. See his chapter on "Bank Deposits."

4. See an article by J.T. Flynn: Harpers: July 1933.

to believe that the present business cycle of 1929-35 may not get out from under ^{in the material fashion} thus we see how the aforementioned imposition is definitely related to the business cycle. In the same way this hypothesis provides a fruitful method of explaining some of the other dislocations in society. For example the monopoly over commercial amusements means, that what is taught in a Sunday School is out of touch, with what is taught or implied in a movie. The same hypothesis should also be given careful consideration in any explanation of the potential disintegration of society.

With regard to this aspect of social phenomena one's material is of course rather vague and sometimes misleading. One's observations will of necessity be general and somewhat vacuous. Our suggestion however is a simple one; and one that is grounded in common-sense. We suggest for instance, that, if Rome had continuously inaugurated intelligent governmental policies, there was no need for her decline. Her imperialism ^{1.} was her downfall; equally, lack of foresight on the part of modern democracies will issue in the same result. However we do not desire to engage too much in airy speculation. We can only offer the hypothesis, that the decay of society--when and where it takes place in a society of people possessed of consciousness--is quite definitely linked up with the conflict of wills, as described in the foregoing. Let us now summarise the more pertinent implications of our brief sociological tract.

Perhaps the most significant implication of this discussion is the demonstrated fact, that the roots of social theory are imbedded in philosophy. Not that philosophy is a superior discipline. It is only anterior in point of time. All that we assert, is that speculative philosophy determines the facts. It is true of course, that in speculation one should resort to the observation of what is going on around us. But the interpretation of what is going on around us is determined in our intellectual disciplines by the speculative schematism, which we have constructed for ourselves. Since social theory is rooted in philosophy, the next question, that arises, is an obvious one: can we justify the attitude, that there should and can be a separate discipline of sociology? From the point of the integral character of reality, the answer must be in the negative; from that of the artificial but convenient classification of objective phenomena we might answer in the affirmative. Fundamentally however in the light of our discussion there can be no reason for assuming, that we are justified in enclosing social theory within confining walls; and then asserting here is a specialised set of facts, which, because of their intrinsic distinction, merit the creation of a separate discipline. In the last analysis specialisation for the sake of specialisation is mere humbug. Later on we shall notice, that the above also applies with equal force to the so-called discipline ~~of discipline~~ of economics. With this off our chest, we will briefly draw up the more concrete import of this discussion of social theory.

Social theory divides itself into two interrelated parts, that of social fact and that of social law. By social fact we designate the two aspects of unity and individuality in their pragmatic or functional context. By unity we refer to what are commonly thought of as social relations; by individuality to the individuals who participate in those relations. The introduction of the concept of social law means, that

1. See Knight's treatment of Roman imperialism in the book "The Economic History of Europe."

due to the presence of the causal factor as defined, the aspects of unity and individuality resolve themselves into evolutionary form-structure. As an entity develops it is manifest as differentiated yet integrated structure. It has definite structural form. The fact of form-structure--and this is worth repeating--posits the integral relation between social relations and the individual. And this simple observation by the way seems to have escaped the attention of several sociologists. 1. In addition to this we have noticed, that in the formation or development of form-structure there is involved the two aspects of temporary and recurrent dislocations and of the potential decay of society. These two aspects are involved, wherever and whenever two conditions hold: first, conscious behaviour; second the absence of neutral inclusive relations. This brief summary concluded, we shall now discuss the implications of our philosophic approach to the discipline of economics.

1. See "Social Change" by W. F. Ogburn for an illustration of this fallacy.

PREFACE TO ECONOMIC THEORY

Extant economic theory is sadly in want of reorientation. The irreconcilable rupture between the various motley schools is sufficient testimony to this unhealthy condition. The following treatment attempts to re-focus economic theory from the standpoint of the philosophic schematism constructed in the preceding pages. Since our time is limited, illustrative matter rather than detailed analysis will be used.

ECONOMIC THEORY

It is our purpose here to classify with a few broad deft strokes the various schools of economic thought--in so far as they have taken on coherency--in relation to the philosophic matrix, from which they have generated. We are not concerned with minor and divergent details; but with general interpretation. Once that classification is apparent, a synthesis will be attempted, a synthesis posited by the philosophic schematism worked out in the foregoing.

Briefly extant economic theory may be classified into four broad divisions, the classical school and its tradition, the institutional school, the socio-ethical schools, and the romantic and universalist school. Within the first division the following schools may be included, the physiocrats, the classical school proper, the marginal utility and mathematical schools, the Cambridge school, and historical economics; within the second, the socialists and the modern institutional school; as for the latter two no further elaboration is necessary. It is realised, that the above classification will rudely shock the specialised sense of a considerable number of economists. Further explanation then seems required.

Maurice Dobb l. has said, that the "difference between different schools of thought and particularly between the classical economists and modern economists, mainly consists in the different questions, they pose and seek to answer." Ultimately such a statement falls back on the assertion, that economic theory is rooted in philosophy, that the point of divergence between the several schools is to be accounted for in terms of the philosophic bias, from which they set out. Given a certain bias, the pendant logical structure will follow a specifically assignable course. It will be remembered, that we formerly classified philosophy under three main headings: first, the absolutistic tradition, which up until the recent past in the history of western thought has moulded our intellectual architecture; second, the philosophy of functionalism, a recently developed schematism; third the organic theory of nature induced of late by novel movements in the scientific world, a theory which is still in a state of flux, but whose implications we tried to draw out in the form of a speculative schematism. Each has its concomitant expression in economic theory. Let us elaborate.

It will not be forgotten, that the absolutistic tradition was divided into the two monisms of mechanism and idealism. During the close of the middle ages there was a gradual yet increasingly more evident swing from the idealism of the middle ages to the philosophy of mechanism. The French philosopher Descartes was the living expression of that division. His separation of substance, into that which is extended or material, and that which is inextended or ideological, was a significant one for his time. Now it was within the confines of the mechanistic philosophy, that the physiocratic doctrines and the political economy of Adam Smith fell. The physiocratic conception of the natural order as a system of natural equilibrating laws, which represented the economic system in their view, and which would issue in universal harmony, if only adhered to, is strongly tinged with mechanism. So too Adam Smith's concept of value was derived from the same source. Parenthetically we should notice, that, due to the residual hang-over of medieval idealism, the philosophic bias of the physiocrats and of Smith was coloured by the same. But by and large it is contended, that their economics was mechanistic. So too, and in increasing degree, was the rest l. See his "Introduction to Economics" in the symposium "An Outline of Modern Knowledge."

of classical economics and its tradition. Let us be more specific.

It has already been said, that one of the fundamental aspects of mechanism is the theory of "simple location." "Simple location" designates the supposition, that reality consists of separate or discrete entities. That means, that in the world of circumstance the aspect of unity is discarded. Brute individuality only exists. Social relations are either inconceivable, or lightly passed over in the light of this principle; for the individual entities are separate or isolable. Now this has a direct bearing on Smith's theory of value, his main contribution to economics. J. R. Commons¹ has observed, that the term psychological parallelism might well be applied to Smith's theory. That is Smith said in effect, that, as the quantity of material goods increased, that increase was accompanied by a parallel increase in labor-pain. Objective use--value paralleled subjective use--value. Value was thus in no way dependent on the individual. Value was therefore objective. All this is in line with the philosophy of mechanism. Ricardo later on departed somewhat from the exact implication of the theory of "simple location," when he conjured up the concept of labor-power instead of labor-pain; for the term labor-power involves the contractual relation between employer and employee.² That is by introducing the element of social relations, strict adherence to individualistic mechanism was abandoned. This was due to the fact, that he turned from the Smithian idea of abundance to that of scarcity; for scarcity means, that a contractual relationship must be entered upon. But by and large Ricardo was dominated by mechanistic postulates. In his preface to his treatise on the distribution of wealth he declares, that the determination of the laws, which regulate the proportions between rent, profit, and wages, is "the principle problem of Political Economy"³. He is immersed in the concept of static equilibrium, another important tenet of mechanism. As was observed in the foregoing, static equilibrium means, that discrete entities observe certain exterior relational uniformities. Static uniformities or laws are supposed to regulate our behaviour. J. S. Mill, who brought the teachings of Ricardo and Smith together in synthetic form, in turn was biased in the same direction. Classical economics then was largely rooted in the philosophy of mechanism. This is again apparent in the obvious connection between their notion of wealth and the third tenet of mechanism, namely the idea, that discrete entities are simple, material, and rudimentary. The classical economists thought, that wealth consisted in simpler rudimentary material objects or commodities. So much then for the mechanistic bias of classical political economy. Suffice it to say, that, inasmuch as mechanism emphasises certain truths and neglects others,--we have already gone into this--so too is classical economics partially correct both in its assumptions and their derivative doctrines. This will be more evident, when, we discuss institutional economics. But before that, a consideration of the classical tradition and its relation to mechanism is in order.

We have included within the tradition of classical economics the following four schools: marginal utility economics, mathematical economics, the Cambridge school, and the historical school. It is true of course, that the marginal utility theorists departed unawares from the strictly mechanistic import of classical economics by way of introducing a functional concept of value. It has been said, that, in

1. See his book "Institutional Economics"; the chapter on Adam Smith.
2. See the same chapter in "Institutional Economics."
3. See William Scott's "Development of Economics"; ch. on Ricardo.

conformity with the philosophy of mechanism, the classical school by and large adhered to psychological parallelism in its treatment of value. Value was independent of the individual as a subjective factor: that is value was objective. Now the point of divergence between the marginal utility theorists and the classicists proper lay in the fact, that they made value dependent on the individual: a functional psychology was given precedence. Thus as disutility increased, the utility of the article or commodity decreased, until the balance was struck and exchange took place. And to this extent the marginal utility concept of value was out of line with mechanism. But by and large it was not so. For one thing the theory of marginal utility was framed within the limitations of mechanistic static equilibrium. This was especially true in respect of the Cambridge school, whose penchant for static exterior uniformities marks a return to the postulates of the classical school. Moreover the school was characterised by the additional mechanistic bias of looking upon phenomena as simple material and rudimentary entities. Thus Menger makes much use, of what he called the "exact" method, the method which analyses phenomena into their simplest elements. So much then for marginal utility. When one turns to the mathematical economists, it suffices to say, that, in so far as they are concerned with the assumptions of economic science, they are largely traditional classicists. 1. In respect of the Cambridge school its attempted synthesis of the classical school proper and marginal utility economics, although an admirable piece of work, falls under the aegis of mechanistic postulates. One admires the faculty of logical analysis displayed by men like Marshall and Keynes. But one wishes, their demonstrations were grounded more securely. Finally with regard to historical economics, while it arose as a revolt against the English classicists, at the same time, in so far as it was concerned with the-oretical problems, it adopted with slight modifications the basic assumptions of those classicists. Classical political economy and its tradition then has mainly been fed on the philosophic insight of mechanism. By way of contrast a discussion of institutional economics is in order.

In our philosophic section, we traced out the reaction from the absolutistic tradition, which took place in the latter part of the nineteenth century, and resulted in the philosophy of functionalism or pragmatism. Adherents of this schematism give up the search for ultimates, and restrict their inquiries to actual activity. Activity as such is their only concern. Phenomenal change displaces the search for ultimates. Now the somewhat inchoate discipline of institutional economics falls into this philosophic category. In the words of Thorstein Veblen, "The sciences, which are in any peculiar sense modern take as an (unavowed) postulate the fact of consecutive change" 1. "Moreover, since institutional economics is a reaction against absolutism in the form of mechanistic or individualistic classical economics, there is a marked tendency to dwell on the relations of individual entities. J.R. Commons has put it thus: "Peirce's pragmatism, applied to institutional economics, is the scientific investigation of these economic relations of citizens to citizens" 2." This aspect of institutionalism is well brought out in connection with the theory of value. Curiously enough

1. See his essay on the "Evolution of the Scientific Point of View":

"Place of Science etc. : p. 32

2. See ch. on Peirce and Hume in "Institutional Economics".

Ricardo, a classical economist, first led the way in the institutional concept of value. 1. Ricardo thought, that, contrary to the notion of Smith, there was a scarcity of material goods. Consequently to a certain extent he thought in terms of labor-power rather than in terms of labor-pain: that is value was bound up in the contractual relations between landlord, capitalist, and laborer. However Ricardo seems not to have intended to make a wide breach in the mechanistic assumptions of classical economics. It was Karl Marx, who made use of the concept of labor-power in a whole-hearted fashion. However Marx was too immersed in the tenets of the mechanistic classicists to make the necessary break from classical assumptions. Just as J. A. Hobson 2. has tried to graft his ethical system onto Marshall's principles, so Marx tried to graft his theory of value onto the classical tradition. The result of course was unfortunate. It is only with the rise of the full-fledged institutionalists, that a theory of value, independent of classical tenets, has evolved. This could take place, because the institutionalists--^{Valley}Webber, Commons etc.--were no longer encumbered by the absolutistic bias. The logical result in this connection is found in Commons's conception of value, who links up the same with the idea of expectations. For the objective concept of classical value, he substitutes a subjective one. The classicists said value resided in objective material commodities--we are speaking of tendencies. Commons on the other hand says, that it resides in the expectations of future gain through the possession of money or legal instruments instead of objective commodities. This contradistinctive view is in conformity with the institutional emphasis on relations, which are implied in the activity of individuals. Another illustration of the same viewpoint is found in the institutional notion of wealth. The classical economists declared, that wealth was material, isolable, commodities. On the other hand the institutionalist says, that wealth consists in the legal instruments, --money, securities, assets etc.--which arise out of the activity of individuals; for activity involves relations expressed in the form of those legal instruments. Thus, while the classicist stresses the aspect of individuality, the institutionalist apotheosizes that of unity. So much then for the institutional viewpoint. Let us now bring our summary classification to a close.

It may be wondered, why the socialists have been included within the category of institutionalism. At one time of course, due to the dominance of mechanism, socialistic criticism was conceived in terms of the same--Karl Marx is an excellent example. This may lead one to infer, that the socialists were really classical economists. However the breach between the two schools was more fundamental than that. The division may have come about slowly, but in the last analysis both started from divergent viewpoints. One emphasised the individualistic viewpoint to the exclusion of the social one. The other did the opposite. Or put in terms of our philosophic terminology, one seized upon the aspect of individuality, while the other seized upon that of unity. This rupture is clearly revealed after the decline of monistic mechanism and the rise of functionalism with the concomitant appearance of institutional economics. The breach, that was once not so apparent, in time becomes quite striking. And it is for this reason, that we

1. See ch. on Adam Smith in same book.

2. See "Contemporary Economic Thought" by P. T. Homan.

include the socialists within the institutional category. For our purposes then economic theory boils down to the two contradistinctive schools of classical political economy and its tradition and institutionalism. You may now say, that we are neglecting the statistical economists, the socio-ethical, and the romantic and universalist schools. Briefly however our reasons for doing this are as follows. In the first place, so far as statistical methodology borders on the fringes of theory, it can be said by and large,--this was brought out in the philosophic treatment--that it is rooted in mechanistic postulates. 1. With regard to the socio-ethical schools, it is contended, that, though they may be justified in revolting from "orthodox economics," they have not substituted any pretensions body of economic theory. Finally in respect of the romantic and universalist school, it may be said, that, although it points out certain truths, those truths are brought out in their pragmatic form in institutional economics. Thus the latter school melts the monistic idealism of the former down into its pragmatic context. Institutionalism emphasises social relations--and in so doing neglects the aspect of individuality--but only within the context of the world of activity. Our brief classification thus complete, the next consideration is one of synthesis.

It has been observed, that economic theory in the last analysis boils down to the diametrically opposed schools of institutionalism and classical economics. It is worth repeating that in philosophic terms the former considers the aspect of unity but only in its functional or pragmatic context. That is activity is thought of only in terms of the sequence of events. There is no unifying principle, which might give coherency to that activity. On the other hand classical economics conforms in the main to individualistic mechanism. As such the constitutive concepts of mechanism are by and large applicable. First of all it postulates, that individual entities are the only real things. Next it contends, that these individual entities are isolable, separable, discrete. Again it asserts, that these individual discrete entities observe certain exterior relational uniformities: that is the concept of static equilibrium is postulated. Finally the strict classical economist, if he is logical, will hold, that the above entities are simple, irreducible rudimentary. Now in the light of our philosophic discussion, both these schools emphasise certain truths but to the exclusion or neglect of other equally important ones. For instance the classical school is quite correct in saying, that individual entities are real. But it is equally at fault in postulating that assumption to the exclusion of the aspect of unity (social relations). Again the institutionalists have every right to assert, that economic theory must come down to earth. But is it not possible, that the same levelling process might be accomplished without discarding coherency? Then too, institutionalism is justified in concentrating upon the aspect of unity in its pragmatic context. But the tendency to neglect the individual concreteness of reality is not realistic. On the whole then any full-orbed economic theory must give due recognition to those characteristics of the above two schools, which are fully grounded in reality, namely the aspects of unity and individuality in their pragmatic context. Further those two aspects must be reconciled into an integrating concept. That concept we have said to be that of evolutionary form-structure. As the causal factor as defined continuously operates in the flow of the prehensions of individual entities, the result of the reciprocal influence involved is the development of definite form-structure: that is the individual entities are manifest as concrete developing forms

1. An illustration of this point is found in J. M. Keynes "Treatise on Probability"; see especially ch. 22.

integrally related one to the other. Thus in place of the mechanistic concept of static equilibrium we substitute that of moving equilibrium; in place of the mechanistic concept of discrete entities ("simple location"), that of inclusive location: that is the existence of any one entity is bound up in the existence of the others; finally in place of the concept of the simplicity and irreducibility of entities, that of the structural development of the same. Let us illustrate these contradistinctive concepts. It should be added however, that, since these concepts are inextricably intertwined, the following illustrative matter will overlap somewhat.

One illuminating illustration of the inadequacy of the theory of static equilibrium and the suggestiveness of moving equilibrium can be brought out through a consideration of F. W. Taussig's theory of international trade. 1. Taussig's economics is of course in line with the classical tradition. The weaknesses of the same are revealed in his book on international trade. We have formerly suggested, that the great fault of the mechanistic doctrine of static equilibrium is its circularity. The adherent of mechanism begins by arbitrarily selecting a given entity, ascribes causal force to the same, and then traces out the consequences in the form of exterior static uniformities. The difficulty however is, that the entity is artificially or arbitrarily selected, and that, when once it is selected as possessing causal force, you are involved in vicious circularity. For example Taussig in connection with the problem 2. of the relationships between the aggregate price and money income structures of different countries, gives the *a priori* answer, that "the effectiveness of labor" must be treated as the origin of the given relative rates of wages and prices in different countries and as the measuring rod for making international comparisons. That is the "effectiveness of labor" seems to determine demand, But, as Mr. Angell goes on to point out, that, "in dealing with the erection of international prices, demand must sometimes be treated as a factor coordinate with, and for purposes of exposition independent of the "effectiveness of labor"--of which it is nevertheless the determinant. There is thus very real danger of introducing circularity into the reasoning." 3. Again Mr. Angell makes the acute observation, that in effect the selection of the "effectiveness of labor" as the origin of the sequence of events is quite arbitrary. For, when one attempts to establish causality in the train of events, one finds it necessary to resolve "the effectiveness of labor" into its antecedent events. In this case it is natural resources--they have an obvious relation to the "effectiveness of labor." Once again circularity is introduced. The whole difficulty is resolvable into an erroneous conception of causality. Causation is not bound up in static uniformities exterior to individual entities. Causation is only involved in the flow of prehensions of individual entities. The classical economist, in order to introduce static uniformity into his general economic philosophy, has seized upon the terms demand and supply. It is not to be inferred, that we deny the existence of demand and supply properly conceived or in their actual context. That is we believe there are individual demands and supplies; and that the same are integrally related. But you see they are only related in their individual context. They should not be thought of as being an exterior framework, which governs the relations of individuals in static uniform ways. Rather it is a case of moving equilibrium involved in the continuous adjustment between evolutionary entities. In other words individual demands and supplies are continuously

1. See his book on "International Trade."

2. See J. W. Angell's "Theory of International Prices"; p. 386

3. P. 387

undergoing structural change. Thus, if Taussig were not so eager to establish static uniformities, the difficult problem, of which Mr. Angell speaks, would not exist--at least not in the Taussigian or classical form. Perhaps we can better clarify our position by resorting to an illustration in respect of the theory of money.

In the usual text books on money, the attributes of the same are implicitly looked upon in static terms. The reason is, that, given a condition of static equilibrium, the attributes of money partake of the same bias. The unfortunate result has been, that not enough attention has been paid to the changing social context, within which those attributes are manifest. A pertinent study would reveal the reciprocal influence of the two, resulting in structural adaptation. For instance at one time there was need for the convertibility of money into some other standard. The reason was, that the societal context was such, that people felt, that convertibility was necessary, in order that the value of money should be sustained. Nowadays the tendency is in the other direction. People no longer feel the necessity of convertibility. The constant use of money, since the inception of the money economy, has been conducive to the idea, that money has value of itself. Once more the concept of moving equilibrium issuing in structural adaptation has been illustrated. Let us now turn to a consideration of the application of the two theories of simple and inclusive location.

Classicists regard wealth as consisting of separable, isolable, material commodities. The reason is, that, due to their mechanistic bias, they think of reality as a totality of separable, isolable, material entities. The institutionalist however considers wealth to be the legal instruments, by which people possess a claim to the present and future usufruct of those material goods. Thus this school has a tendency to swing from the mechanistic bias of "simple location" to one, that looks upon the unitary aspect (social relations) as the only real thing. Both schools stress equally important truths. But they are half-truths. Our philosophic schematism posits a reconciliation of the two schools: according to the concept of inclusive location we would say, that wealth consists of both the legal instruments and material commodities, both the unitary and individualistic aspects; furthermore the idea of moving equilibrium issuing in structural adaptation would imply, that there is an integral relation involved in the development of both forms. As the material forms of wealth develop,--technological devices, goods and services etc.--so too do the legal claims to, that material wealth. For instance A.A. Berle Jr. 1. has pointed out, that corporation finance and its attendant legal forms--securities etc.--were introduced into America synonymously with the inception of railroads. This point can be put just as forcefully in regard to the theory of value. The institutionalists regard value 2. as being linked up with the expectations of future gain due to the possession of legal instruments (assets.) This is a subjective concept of value. The classical economists, especially Adam Smith, tended to consider value in objective terms. Value inheres in external material goods. Both schools in the light of our discussion contain useful ideas. Value is both objective and subjective. Moreover these two aspects are integrally related. In the long run value is synonymous with the structural development of the above two aspects of unity and individuality. In the immediate present--a result of the long-run development of the money economy--value is to be conceived in terms somewhat similar to the theory of marginal utility. Thus as the quantity of commodities (objective

1. See "Yale Review"; Autumn issue 1933; article on "High Finance."
2. See "Institutional Economics" by J. R. Commons.

value) increases, the expectational value (subjective value) decreases until the point of exchange is reached. But it should be observed, that the above theory of value is taken out of the bad psychological context of the marginal utility theorists, which in turn is rooted in mechanism--we are referring to the notion of self-interest as the propulsive force, which compresses individuals within the framework of static equilibrium. So much then for illustrative matter. It is now time to pull together into coherent form our brief tract on economic theory.

Before a summary of the implications of our treatment of economics is undertaken, it would be well to indicate a further consideration posited by our philosophic schematism. It will not be forgotten, that in our discussion of social theory the idea was elaborated, that, due to the presence of two factors, namely the lack of inclusive neutral relations ~~and~~ and the attribute of consciousness, in the on-going process of the development of form-structure, social phenomena are characterised by two features: first, there is the lack of balance in the rates of change of the various parts of that social form-structure--and this applies only in the short run; second, the possibility of the disintegration or decay of the same in the long run. The suggestion was made, that the imposition of neutral inclusive relations would offer at least a partial solution of our difficulties. That is, if governmental policy intelligently constructed a relational framework, within which the interaction of wills would take place, much of the disorder involved, in the aforementioned two features would disappear. It may well be asked, what does neutral inclusive relation mean? And again are the same to be fixed and absolute? To the first question we have given the answer, that the relation should apply unreservedly to that particular portion of society, to which it is applicable; and by neutrality that the relation should be impartially designed (within the limits of human frailty) so as not to favour certain members of the community as over against other members. Furthermore in the treatment of the business cycle--a representative case of the lack of balance in the rates of change of the various parts of the social form-structure--it was implied, that the proper relation, which might prevent the same, was equality of money income. Equality of income is then an illustration of what we mean by neutral inclusive relation. Bernard Shaw has presented the case for equality in his "Intelligent Woman's Guide to Socialism and Capitalism." In our opinion his argument is irrefutable. In this connection it is worth noting, that contrary to the classical notion of static equilibrium, the distribution of wealth is not a pre-arranged and fixed matter. According to our philosophy the distribution of wealth can be arranged by human beings in their collective efforts (governmental policy). Another illustration of what we mean is contained in Harold Laski's book "A Grammar of Politics." Here Laski philosophically and practically attempts to set up a political or relational framework, within which the political activities of individuals would most advantageously proceed. And so on we might go in elucidating an answer to our first question. With regard to the second as to the finality of such relations, our opinion is in the negative. The character, extent, and allocation of those relations imposed on the members of the community should alter in conformity with the development of social-form-structure. The final consideration now is in respect of the wider implications of our discussion.

The reconciliation of the main tenor of the classical and institutional schools, which we have attempted, has been shown to be posited by the speculative schematism constructed in the foregoing. Economic theory then just as social theory issues from a philosophic background. There is no fundamental division. Reality is integral in terms of its underlying principle. To repeat the most significant conclusion of this

thesis is, that the various disciplines can be brought within the fold of a constitutive inclusive designation. Specialisation is convenient. But specialisation for the sake of specialisation is unwarranted.

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