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Professor Hans Albert  
Freiburgerstr. 62  
69 Heidelberg 1  
Germany

Lieber Herr Albert,

Vielen Dank für Ihren interessanten Brief vom 1991.03.19. Allow me to continue in English.

I am glad to learn that we agree on so many points. As for our disagreements, some are genuine but others are misunderstandings. Let me comment briefly on them. I do not think that economics is hopeless. I was only criticizing neoclassical microeconomics--which, incidentally, is the Scripture that all economics students have to learn uncritically in North America. To me, this is pseudoscience, starting with the pseudomathematics of utility functions and indifference curves. But you are right: there are no god alternatives in sight. Behavioral economics is more realistic but it is restricted to the behavior of managers.

As for Mises's hatred for planning, I beg to disagree. Would the Soviets have built their industry without their Five Year Plans? (Note: I am not defending the Stalinist dictatorship, but only the planning that transformed the USSR into an industrial power capable of crushing the Nazi war machine.) Would the Nazis have had their initial economic and military successes without their economic plans? Would the European economy have been reconstructed so quickly without the Marshall Plan? Would the Japanese industry be where it is without the planning done by the government in cooperation with the big corporations? It is one thing to reject the command economy, and another to reject planning altogether. The latter seems to me to be irrational.

Of course holism is wrong: of course all social systems are composed of individuals, and when you deal with the Internal Revenue Service you do so through a representative of it. But the latter is not the nondescript individual characterized by maximizing behavior. When you meet him he behaves as a representative of the government, not in a private capacity. (You say so yourself.) And the government is a social system, a collective entity, not an individual. Consequently it has (emergent) properties that its components do not possess. In *this* I think the holists are right.

They are only wrong in denying that the whole can be explained in terms of individual actions. But, as you well know, even these do not happen in a social vacuum but in a social context.

Something similar happens even in physics, which is supposed to be thoroughly reductionistic. For example, a gas is analyzed as a collection of molecules, but the container is not so analyzed. In quantum mechanics, when dealing with electrons, photons, or atoms, one poses the boundary conditions without analyzing the boundaries in atomistic terms. It could not be done without circularity.

I agree with your judgment of N.Luhmann's work: it gives systemism a bad name. But I do not think my own work on systems theory (and in particular on social systems), in Volume 4 of my *Treatise*, is of the blah-blah kind. As for Simon, I like his work on business organizations, but not his psychology (old-fashioned behaviorism) or his sociology (pseudomathematics). I also like the criticisms of the institutionalists but cannot stand their soft blabber and the fact that they offer no constructive alternative to economic orthodoxy. As for Marxism, it has been dead for nearly a century. All in all, I think the social sciences are in deep trouble. On the other hand I am glad to learn that you are somewhat more optimistic. You must see lights that escape me.

I am glad that you go on working. The same here. I also keep teaching and I have a couple of students writing their dissertations under me, one on them on the philosophy of economics. I find my students far more stimulating than my colleagues, an increasing number of whom are being captured by phenomenology, existentialism, hermeneutics, deconstructionism, and other varieties of garbage. By the way, I found your piece against hermeneutics in *Kyklos* magisterial.

Many thanks again for taking the time to criticize my MS and to suggest some books that I will look up in the library right away.

Keep well and hard at work. Cordially,

Mario Bunge