An Individual Approach to Economics: Robert Heilbroner’s Cultural and Historical Perspective Applied to Modern Economic Conditions

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An Individual Approach to Economics:
Robert Heilbroner’s Cultural and Historical Perspective Applied to
Modern Economic Conditions

A Capstone Project Submitted in Partial Fulfillment of the Requirements
of the Renée Crown University Honors Program at Syracuse University

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May/2009

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Abstract

This paper discusses historical economist, Robert Heilbroner’s approach to the field of economics and how his publications provide valuable insight on today’s crisis. Although the paper focuses heavily on explaining the development of his concept of vision as applied to studying economic behavior and the application of such a vision to his writings and work regarding capitalism and future predictions, it also discusses his propensity for Keynesian economics. Primary and secondary sources were used to complete this thesis project, including interviews with colleagues and researching publications by Heilbroner. The paper concludes that many of his predictions for the transformation of capitalism to a more regulated economic system are coming true today, and how his proposals may provide valid solutions for current economic and social problems.
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Acknowledgments

I would like to thank Professor William Milberg of the New School for Social Research for his invaluable insight as Robert Heilbroner’s close colleague, Professor Jerry Evensky for teaching an enlightening course regarding economic decisions made during World War II that presented students with more than one approach to economics, and Professor Elisabeth Lasch-Quinn for introducing me to the era of the New York Intellectuals.

I would also like to thank the History Department and the Renee Crown Honors Program for research grants that allowed me to travel to New York City to obtain archive information that provided crucial information for my paper.
Robert Heilbroner’s Application of Vision

Most envision the study of economics as mathematical formulas that describe how society balances scarce resources with unlimited wants. However, Robert Heilbroner believes economics must be studied and applied to society in the context of individual vision, which encompasses socialized beliefs that arise from one’s environment. He asserts that, “Economics can only be approached as a form of systematized power and of the socialized beliefs by which that power is depicted as a natural and necessary form of social life.”¹ Heilbroner believes the history of economic thought is a cultural history. Based on this claim, one must conclude that analytical economics can reveal little about the nature of social order. He maintains that the field of economics is “a construct, not a thing.”² The mathematical results concern only a particular social order, rather than the actual human condition. Heilbroner seeks to make fellow economists aware of the responsibility they bear for the economic reality they present to society. He applies this frame of thought to most of his work, and his vision of economics allows him to make predictions for the future of American society, absent of analytical approximations.

Heilbroner has successfully applied this frame of thought to most of his work, and such vision is useful in finding solutions to today’s economic crisis. No formula or analytical economic work offers a successfully comprehensive solution. His vision, analysis and predictions provide important insights in current global economic circumstances. His ideological vision leads to an illuminating interpretation of predictions for the global environment, capitalism, and morality.
Heilbroner’s writing and approach outlines the history of economic thought, rejects the work of analytical economists, and provides an alternative solution for our current economic plight.

Robert Heilbroner describes research conducted in a manner independent of biases and hopes of the scientist as “value free” science. He says that science exists to “explain and clarify things that exist independently of the values of the observer.” According to this notion of science, researchers presumably lack any conscious prejudice, and remain open to an acceptance of any results. However, an economic investigator, according to Heilbroner, is in a fundamentally different relationship because his subject is another being, so value-laden judgment becomes an inevitable part of social inquiry. Economists must ascribe meaning to the data and relationships that they acquire through statistics. They must explain or predict how and why social beings display the objective characteristics unearthed, and therefore analysis must be value based.

Economists are not content with simple observation; they invariably go on to prescribe social remedies for varying situations. To move from economic statistics to economic analysis, one must move from observations into assumptions with regards to behavior. Social investigators are not like natural scientists because a "social investigator is inextricably bound up with the objects of his scrutiny, as a member of a group, a class, a society, a nation, bringing with him feelings of animus or defensiveness to the phenomena he observes." Social scientists study subjects that possess attributes of consciousness, cognition, calculation and volition, which are lacking in objects of the natural universe.
Therefore, routine human actions contain some element of “latent willfulness that is lacking from even the most spectacular processes of nature.” One’s position in society, whether it be material or moral is implicated and often jeopardized by the act of investigation, and “thus arise arguments that serve to justify the existential position of the social scientist.” Without some approach or assumptions about behavior, no conclusions may be drawn from any set of social facts.

The current ruling economic doctrine maintains that consumers, workers and businessmen all seek to maximize their utilities. However, the idea that “more is better” is an inherent social construct; “maximization of labor, interest and wealth are all historical concepts with socio-political implications that become prescriptions for conduct,” writes Heilbroner. Social scientists approach their research with a desire or goal, conscious or unconscious, to demonstrate the viability of the social order he or she is investigating. “In the face of inescapable existential fact, an attitude of total ‘impartiality’ to the universe of social events is psychologically unnatural, and more likely than not leads to a position of moral hypocrisy.” Attempts on the part of economists to be objective lead to erroneous research because social understanding requires interpretation and judgment based on personal vision, or pre-analytic cognitive act. Heilbroner states, “An awareness of these preconceptions forces us to recognize that the world we analyze is not just unambiguously there, but displays the characteristics we project into it.” Objections to contemporary economics assert that it falsely awards objective validity to conclusions that in fact only follow from arbitrary and value-laden assumptions. Heilbroner wants “economics to make a virtue of necessity,
exposing for all of the world to see the indispensable and fructifying valueground from which it begins its inquiries so that these inquiries may be fully exposed to… the public examination that is the true strength of science.”

He believes the incorporation of vision and ideology in research creates a richer body of work because economists ascribe to a unique framework.

In attempting to transform the science of economics, Heilbroner sought to understand what drove human action and pondered, “Why have men sought to be rich…where lies the pleasure of power and being above others?” He looks to earlier periods in history when tribes had obligations of kinship, variations on personal standing, and councils in which priority was accorded to age, but a capacity to impose the will of one over others did not exist. For economic analysis to embody such structures requires a level of social complexity from institutions of command and obedience as well as distinctions of skills, trades, and employments. The concept of employment recognizes the existence of a hierarchy between workers and owners. The institutionalization of power is an achievement and also a precondition for civilization. “Social organization imposes more and more duties, restrictions, inhibitions, and denials on its members, and yet simultaneously civilization also offers psychological satisfactions, capabilities for individuation and possibilities for self-discovery that cannot be attained in a simpler society.” Heilbroner envisions a future that employs a political philosophy that combines conservative interest in the human psyche and its needs with a radical analysis that examines the relations of economic bases and political goals.
Heilbroner furthers his attempts to revolutionize the study of economics through his proposition to reform the educational curriculum for young students of the field. He divides economics into two approaches: conceptualizing the science versus understanding the ideology as a social construction of reality. He argues that the traditional definition of economics as the study of the allocation of scarce resources is flawed because social constructs have led people to desire those resources. Heilbroner believes that learning the history and foundation of economic thought will better prepare young students than teaching them abstract graphs and formulas depicting economic life. The ideological question leads to the exploration of the field in the absence of a “framework” because the research object of economics is intrinsically historical in its nature. Also, capitalism is not solely an economic system; it must be depicted as a regime or a social order, an establishment and preservation of a general form of power and privilege.  

The “task of economics cannot be depicted as merely that of establishing functional relationships among market variables…Economics purports to give its students an understanding of its research object not merely a technical ability to dissect it, thus the social character of the field must be kept in mind.” Economics is a belief system, a construction of reality; therefore researchers are wrong to quickly dissociate economics from morality or avoid values. Students who learn theories from twenty years ago are no better off today because most are no longer applicable in today’s context. Students must be shown that the economic world in which they live arose from a past in which it did not exist as a definable entity, and that the economy is an outgrowth of history, and not an
instantiation of an unchanging human nature. He describes this outline as “real starting points of economic thought, from which the young student can extract ideas that will long outlast the geometrical representation of economic life.”17 His approach proves superior because he urges society to adopt theories and ideas centered on enduring concepts rather than short-lived formulas.

Outside observers, such as Gina Neff, an economic journalist, agree that Heilbroner is working to save economics through such efforts, and believe that the field has become too scientific. The dismissal of sociological, philosophical and political influences undermines the field, and the struggle for objectivity in research leads to a sacrifice of significance. “Attempt for objectivity has been paid for dearly in relevance…Mainstream economics is in denial, pretending that values don’t influence or compromise objectivity, and thereby disowned sociological, philosophical and political underpinnings of the field.”18 Neff concludes that economics has transformed from a morally and ethically laden discourse to a meaningless mathematical exercise.19
Formation of Heilbroner’s Theoretical Perspective

The development of Heilbroner’s radical approach to the study of economics began during Heilbroner’s undergraduate career at Harvard, where mathematics was not required as part of the economics curriculum. At Harvard, his Marxist professor Paul Sweezy assigned *The Theory of the Leisure Class*, written by Thorstein Veblen, the founder of institutional economics, and Heilbroner realized there was more than one way to analyze the economy. Joseph Schumpeter, a historian of economic analysis at Harvard, also heavily influenced Heilbroner largely through his distinction of analysis versus vision.²⁰ Joseph Schumpeter described the motive and purpose of vision as ideological because vision embodies how we see things, and “the way in which we see things can hardly be distinguished from the way in which we wish to see them.”²¹ Schumpeter believed “economic analysis required a command of techniques that we class under three heads: history, statistics, and theory.”²² Schumpeter influenced Heilbroner’s writing as he took issue with the idea of an individual who performs rational, utility maximizing actions and thus embodies economic theory and the entirety of society itself.²³ They both strongly believed that vision and ideology were preconditions of economic analysis.

However, the foremost influential figure on Heilbroner’s concept of vision was Adolph Lowe, who provided a wholly new perspective on economics through his seminars on the history of economic thought at the New School. Lowe conveyed to Heilbroner “the idea of the economic process as a force imposing a powerful order-bestowing shape and impetus to the material activities of
An example of this perspective is the gradual re-definition of land into rent; land became an economic concept instead of a natural category. Lowe described Heilbroner as his oldest and most intimate American friend. The first assignment Lowe gave to his graduate class distinguished Heilbroner in his eyes as a prodigy: “Mr. Heilbroner, you have written a paper which combines original thinking with scholarly competence, the like of which I have never received before.” Over the course of forty years, neither one published a work that had not passed the other’s judgment.

Adolph Lowe first exposed Heilbroner to an alternative mindset through queries such as, “What is the task of economics?” He showed Heilbroner how humans are pushed into social constructions by conditioned reflexes, and how the incorporation of the pertinent environmental factors into the model significantly changes outcomes, and interpretation of the model required some psychological preconditions. Lowe further emphasized the merely marginal significance of traditional theory as an explanatory and predictive tool, and urged his students to break through a logical framework in which human action and interaction are reduced to the play of blind forces. Social control is a central concept for economic theory, and he asserted that “the task of economic theory be changed from forecasting outcomes to deliberately ensuring their realization, and that the description of the role of economics be correspondingly altered from predictive to instrumental.” Lowe showed Heilbroner how humans are pushed into social constructions by conditioned reflexes, and the incorporation of the pertinent environmental factors into the model changes outcomes significantly. Heilbroner
adopted his instrumentalist perspective, in which one begins with a desired outcome and builds a theory to attain an end result. Such an approach altered research to attain the desired end, and thereby “discover the means to construct a free and orderly economic society in the face of the social, political and technological realities of our time.”

Heilbroner thus abandoned the approach to economics that sought analysis of an entirely unambiguous object of investigation. “In its place emerged the problem of identifying an economy within the totality of perceived social relations,” determined by the characteristics of the object under scrutiny and the perspective of the researcher that studied the object. Heilbroner became impatient with and to some extent rejected the interpretation of social constructions within a neo-classical framework because employing a rationally maximizing individual as the irreducible building block of economic analysis was not sufficient. Neo-classical economics relies on a key self-destructive term of the individual, and the allocation of income to an individual requires the being to acquire income from another being. This exchange between two individuals removes any possibility that economics can be studied from an individual rather than a social vantage point.

Professor William Milberg of the New School for Social Research believes Heilbroner’s frame of mind revolves around a “vision” that underpinned the model and norms used in economics. The distinction that Joseph Schumpeter makes between analysis and vision leads Heilbroner to conclude that vision is more important because he sensed that ethical and philosophical considerations
play an important role in how people understand society. Vision was driven more by a psychological, moral and philosophical mode.\textsuperscript{31}

In an interview with William Milberg on the question of whether Heilbroner ever employed any mathematical aspects of economics, Milberg bluntly answered, “No, he did not find the technical aspects of economics very useful.”\textsuperscript{32} He was quite resistant to using them because he believed humans had volition, moral sentiments and unusual relations with other individuals. Heilbroner strayed from the mainstream in his approach to the field as well as in his interpretation of economic currents. For example, he believed that inflation is neither a disease nor an illness; rather it is the “functional adaptation of an extraordinarily dynamic and resilient economic system.”\textsuperscript{33} On the potential to blend economics and emotion, Milberg stated Heilbroner could not escape “vision” or ideology or the prior beliefs individuals bring to any assessment of society, and he remained consistent, almost stubborn, in maintaining similar ideas throughout his academic career.\textsuperscript{34}

Although analytical economics ultimately came to dominate the field, Heilbroner essentially carved out a niche for himself and became a master of negotiating any tension between varying approaches. Milberg stated that he was the only person that was accepted by the mainstream of the profession as the voice of ethical and socially relevant thinking with respect to economics.\textsuperscript{35}

Robert Heilbroner loved economics and also had a real love was for writing, which allowed him to work through a lot of his anxieties. He remained a mild but respectful critic of analytical mainstream economic thought, and
maintained many significant positions within the profession, such a member of the review board of the American Economics Association. He was remarkably diplomatic and was always concerned about what others thought of him in the profession. In regards to his interactions with professionals from the other side, he was extremely respectful and deferential of the mathematical perspective. He maintained a rhetorical strategy which deflected tension, because when making responses he astutely employed the wisdom of Adam Smith who was revered across the field.\textsuperscript{36}

*The Worldly Philosophers* was the first published book that fully embodied Heilbroner’s frame of mind regarding his vision of economics. His mentor, Adolph Lowe, was surprisingly skeptical of Heilbroner’s dissertation on the evolution of economic thought, which ultimately became *The Worldly Philosophers*. However, in the opinion of Jerry Evensky, a Professor of Economics at Syracuse University and an acquaintance of Heilbroner’s, his position as a graduate student and the lack of a set audience allowed him to produce such a work because his writing was not prescribed to a set of expectations. Readers thoroughly enjoy *The Worldly Philosophers* because of “Heilbroner’s ability to make the flow of events into a story that feels real and relevant… Heilbroner weaves a very rich feeling for the ideas of the men together with an equally rich feeling for the men themselves.”\textsuperscript{37} The book exists as a readable and yet thoughtful account of major figures and schools in the history of economic ideas that gives readers a true understanding of the men, making their ideas and lives real and tangible.
Heilbroner refers to these men as worldly philosophers because they shared a common curiosity through their study of man’s drive for wealth. Heilbroner admires the works of famous economists as “the gradual construction of the intellectual architecture of much of contemporary life.” These economists and political philosophers shaped and swayed society’s greatest minds with the power of their ideas, both when they were right and when they are wrong. Lord Keynes stated “practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slave of some defunct economist,” namely a worldly philosopher.

Heilbroner begins his book by describing human beings in their raw and natural state as self-centered. They guarantee the continuation of society through either tradition, such as tasks handed down by generation and hierarchy, or central authoritarian rule, which enforces policy through penalties. Such were the practices preceding economists and the economic revolution; the market system introduced the idea that “each should do what was to his best monetary advantage.”

French and German merchants developed written rules and regulations regarding trade, which were scattered, fragmented, and typically non-uniform policies. Heilbroner considers the idea of gain as relatively modern. Unlike the contemporary competitive society where daily labor is a means to an end, work was a separate entity because people did not see land, labor or capital as tools for a means to markets. To commercialize land into enclosed lands required an uprooting of an entrenched feudal way of life. The forces leading to the transformation to a market based system was the gradual emergence of
national political units in Europe, which allowed for foreign exploration, the slow
decay of religious spirit due to skepticism from the Italian renaissance, and the
rise of scientific curiosity, which led to the Industrial Revolution.\footnote{41}

In Heilbroner’s next chapter, he addresses more somber attitudes and
arguments of Parson Malthus and David Ricardo. Malthus explained there was a
tendency of the population to outstrip all possible means of production because of
a constant struggle for survival amidst limited resources. However, Ricardo
argued that such a process had different effects on different classes: some would
succeed to the top and other fails back to the bottom. Society was a bitter contest
for supremacy where hard workers were bound to lose.\footnote{42} Although Malthus was a
modest Reverend, he examined facts of the real world and defended wealthy
landowners. He supported the abolition of poor relief because he argued the world
had too many people. Meanwhile, Ricardo was a wealthy stockbroker, and highly
skeptical of the wealthy population; he focused on theoretical issues and fought
against the interests of rich landlords. Although they countered one another by
rebutting the other’s arguments, they changed society from optimism to
pessimism.\footnote{43} Both figures embody Heilbroner’s concept of ‘vision’ because they
each philosophized through their respective ideological lenses, and thus
established theories from their personal perspectives.

Heilbroner also examines the world of utopian socialists, who delved in
strange experiments, such as Robert Owen’s “Village of Cooperation.” As a
humanist and philanthropist, Owen actively tried to employ the abstract ideas that
socialists were writing about at the time. These utopians were “reformers of the
heart rather than the head.” Utopian socialists appealed to the upper class through nonviolent, cooperative means and sought economic reform. Perhaps the most famous of the group was James Stuart Mills, whose *Principles of Political Economy* argued that utilitarianism, or the policy of providing the greatest good for the greatest number of people, allowed men to control their fate through reason. The importance of these socialists rests in the consistency of ideology throughout their lives and work. Heilbroner included such prominent figures in his study on history of economic thought to demonstrate the ability to formulate coherent ideas and theories without a reliance on mathematical data.

The remainder of the book focuses on a discussion of the development of mathematical formulas to represent quantities and abstract ideas, pioneered by Francis Edgeworth and J.H. von Thunen, both prominent mathematicians of wage and labor theory. Alfred Marshall was interested in the self-adjusting, self-correcting nature of the economic world and wrote in a way to address the masses so he was easily understood by commoners. During this period, Marshall created the basic mathematical outline for modern economics and discussed the market in short-run and long-run periods. John Maynard Keynes, an important figure during the first half of the 20th century, maintained a traditional mind frame in his masterpiece, *General Theory of Employment, Interest and Money*, in which he concluded that there was no automatic cure for the depression; the economy will not automatically correct itself. Thorstein Veblen looked satirically at American society, and saw a constant conflict between existing norms with vested interests and new norms developing out of humans’ tendency to manipulate and learn the
physical world in which they exist. Veblen also delved into the nature of
economic man and said, “Man is not to be comprehended in terms of
sophisticated ‘economic laws’ in which both his innate ferocity and creativity are
smothered under a cloak of rationalization. He is better dealt with in the less
flattering but more fundamental vocabulary of the anthropologist or the
psychologist...find out why man actually behaves the way he does.”

He existed as somewhat of an anomaly, just as Heilbroner himself, among the emerging neo-
classical economists. The others represent the emergence of an analytical
framework to study economics, while Veblen’s writing parallels Heilbroner’s
growing disillusionment. Despite a disregard for certain methods, Heilbroner
maintains that the worldly philosophers each made “an intellectual commitment
that brought us closer to an understanding of ‘the order and meaning of social
history’ of the human condition as opposed to some sterile abstraction from
dispassionate.”

The worldly philosophers achieved much in the realm of economics
without any analytical input. Heilbroner’s discontentment with analytical and
mathematical economics arises because these men developed significant ideas and
concepts before formulas even existed. Heilbroner takes issue with all
encompassing economic laws “that seemed to explain not only how the produce
of society tended to be distributed but how it should be distributed.” Men do not
function as the model assumed. The unwillingness of certain economists, such as
Alfred Marshall, to look beyond smoothly functioning models and “out of the
window at the revolutions of the contemporary society and their haughty attitude
toward the underworld of economics who focused on change as characteristic of the real economy” remains an intellectual tragedy.\textsuperscript{50} Heilbroner’s major critique of neoclassical economics is that it does not set an adequate foundation, namely an encompassing representation of the nature of humankind.\textsuperscript{51} His discourse recognizes the importance of exploring the nature of this foundation because he attests an economic model must provide “historical placement, social values, and psychological depth.”\textsuperscript{52}

In one of his earlier chapters of \textit{The Worldly Philosophers}, Heilbroner begins sardonically by describing the revered Adam Smith as a notoriously absent-minded and unattractive individual. Smith’s first work, \textit{The Theory of Moral Sentiments}, described how individuals make moral judgments.\textsuperscript{53} Heilbroner describes \textit{The Wealth of Nations} as a panorama written with the influence of great minds of the time; a revolutionary text that applauds capitalism but remains suspicious of the motives of those who benefit. Adam Smith laid down the laws of the market and argued that an outcome of a specific behavior brings about a definite and predictable result. Heilbroner dispels the myth about the infamous “invisible hand,” and argues that Adam Smith supports government action that benefits the general population. He also explains Adam Smith’s justification of the capitalist system, which suggests that good will emerges as a byproduct of selfishness, and that seeking wealth and glory has an ultimate justification through the welfare of the common man.\textsuperscript{54}

Adam Smith represents the beginnings of economics or the first rendering of the economic sphere. However, there exists an inconsistency between his
ideologies used to understand the motivations of individuals in his two main works. Smith first describes individuals as emotional and empathetic creatures in *The Theory of Moral Sentiments*, but then portrays them as self-interested beings in *The Wealth of Nations*, leaving the socialization of the individual to compromise social compassion. Smith assumed the “constructive maturation of the market interaction among beings in *The Wealth of Nations* requires a simultaneous ethical maturation of socialization of those beings as they appear in *Theory of Moral Sentiments*”; Smith believed both could co-exist but most scholars disagree. Heilbroner believes moral issues drive economic outcomes, and takes a controversial view by claiming to see continuity between the two texts, although some experts agree there is a complete contradiction in the way Smith portrays men in each.

Heilbroner justifies his support for Smith’s controversial theory through an exploration of the context in which Smith makes predictions about the impacts of capitalism. Smith believes the decreasing mortality rate and increasing birth rates lead to lower wages, and an overall decline in the intellect of the labor force. Heilbroner concludes that Smith’s predictions cannot be completely accurate because he made these assumptions within a very specific frame of mind of historical imagination with limited foresight. Smith envisaged society as passing through four stages: hunting, pasturage, farming and commerce, which embodies the idea that there is a natural progress towards improvement. “In favorable circumstances society both will and should pass through these stages in sequence…because the underlying human impetus toward ‘improvement’ and
social rank gives rise to a uniform, constant and uninterrupted effort of every man to better his condition.”  

However, Smith offers no hint of what organization may lie beyond the stage of commercialization, and the concept of rise and fall of civilizations influenced his frame of mind. Smith also admitted that the dismal economic end he predicted had not yet occurred, “perhaps no country has ever yet arrived at that degree of opulence.”  

He adds that once a society of perfect liberty, as he characterized capitalism, accumulated all the wealth that its resources and trading entitled, it would go into decline. However, Heilbroner admires Smith for incorporating the historical currents of his time because they created a unique vision that influenced his conclusions about the impacts of capitalism. Heilbroner regards Smith’s masterpiece as a paradigmatic exposition of the economic and sociological thought of its time.  

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Prospects for Capitalism

Heilbroner further analyzes the negative outcomes or consequences of capitalism, as outlined in *The Wealth of Nations* by Smith, as a normative sequence of historical evolution that leads to both moral and material decline. Heilbroner believes it is imperative to explore the extraordinary psychological and sociological implications of this inevitable decline. Workers lose characteristics of courage and even physical vigor, and dexterity at one’s own particular trade is acquired at the expense of intellectual and moral virtues. Simple, menial work is harmful to the improvement in the quality of the labor force. Heilbroner even argues that barbarous societies are superior to manufacturing ones because the varied occupations oblige every man to exert his capacity and to invent expedients for removing difficulties that continually recur. “Invention is kept alive…not withstanding the great abilities of those few, all the nobler parts of the human character may be, in great measure, obliterated and extinguished in the great body of the people.”

Adam Smith’s eventual concession that capitalism has significant flaws because of its inability to deliver subsistence for all leads Heilbroner to consider alternatives. In later research, Heilbroner studies the model and technique of socialism and describes the deep ideological and environmental obstacles it faces. The public ownership of the means of production is no longer the only defining characteristic of socialism. Heilbroner believes it fails to fulfill the humanist ideals of freedom, democracy, equality and cooperation, and instead has a tendency toward hierarchy and centralization. In order to accomplish the
socialist ideal, society must undergo the abolition of privileges and wealth associated with capitalism.

Heilbroner acknowledges his omission of practical economic issues that combine the elements of economic structure along with the political and social essentials of a good society. However, he compensates for the lack in practicality through an interpretation of the manner in which modern developments have been perceived by economists. He describes two vast and protracted events that dominate modern economic history: the structural failure of centralized planning in the socialist world, and the continued success of capitalism in its major strongholds. Successes for socialism include the initial industrialization of USSR and the early modernization of China. Failures of capitalism include the instability, uneven growth, unsatisfactory income distributions, and dangerous international imbalances. John Maynard Keynes offers a balanced assessment of capitalism in the “Concluding Notes” of the General Theory written in 1936 by noting its inequalities of wealth and income and its failure to offer full employment.\footnote{63} Alvin Hansen, a former Keynesian professor of economics at Harvard believed, “Economic progress…came in spurts and not at a uniform rate…the combined effects of the declining population growth, together with the failure of any really important innovations of a magnitude sufficient to absorb large capital outlays, weigh very heavily as an explanation of the failure of the recent recovery to reach full employment.”\footnote{64} The varying successes and failures of each economic system rely heavily on environmental factors.
Socialism appeared in the Soviet Union amidst an extraordinary surge of industrialization and modernization that contrasted sharply with the sluggish performance of the West during the 1930s. Ludwig Von Mises, an Austrian economist and philosopher contended, “Without economic calculation, there can be no economy. Hence, in a socialist state wherein the pursuit of economic calculation is impossible, there can be – in our sense of the term – no economy whatsoever.”

Oskar Lange, a Polish economist and diplomat, recognized the importance of an adequate system of economic accounting to guide allocation of resources in a socialist economy. Lange suggested that preference scales and resource endowments would be at least as well known to socialist administrators as to capitalist managers; one would be just as prepared or unprepared as the other. Lange concluded, “The right prices are simply found out by watching the quantities demanded and the quantities supplied and by raising the price of a commodity or service whenever there is an excess of demand over supply and lowering it whenever the reverse is the case, until by trial and error, the price is found at which demand and supply are in balance.”

Behind the analytics of the Mises-Lange dispute over the viability of socialism lie two divergent views of human nature. Heilbroner deeply immerses himself in this divide between capitalist and socialist systems because the debate embodies two varying ideological approaches that rely on vision and opinion rather than mathematical economic theory.

However throughout the debate, Heilbroner hesitates to pass judgment as to which system was superior, maintaining each has its own flaws. He believes
capitalism is undermined by its own tenets and argues that, “there is reason to believe that the morale and self-understanding of socialism may be higher than capitalism.” Socialism cannot replace capitalism because it is a mere perpetuation of capitalism on a more rationalized plane. Although Joseph Schumpeter views capitalist monopolies as sources of innovation and accumulation, he does not believe they can survive because of destructive ideological and cultural elements. The primary cause is the gradual erosion of a value system, and Heilbroner attests, “Capitalism’s uniqueness in history lies in its continuously self-generated change, but it is this very dynamism that is the system’s chief enemy.”

Influenced by Schumpeter’s prediction of dire consequences for capitalism, Heilbroner wrote *Visions of the Future* in 1995, to argue great economists make predictions and look to the future. He uses this work to provide a general overview of history and to explain factors that have influenced the course of various historical eras. He describes the emergence of economics during different periods of history by exploring the impact of capitalism, political and social change through political will and technological advancement. The penetration of new technologies and knowledge, coupled with the appearance of social and political currents allowed for the transformation of society over time.

With respect to the distant past, Heilbroner begins by explaining how religion allowed ideas of the future or an afterlife to evolve, but researchers today do not truly know how our ancestors understood the future. Economist Vernon Smith argues life was not harsh during the Paleolithic Age; researchers are
mistaken in their perceptions because the people earlier eras were accustomed to such scarce conditions. Just because people had few possessions did not mean they were poor; poverty is simply a social status or an invention of civilization. Sociologist-historian Michael Mann states,

Civilization therefore arises first in communities whose situational characteristics lend themselves to the ‘caging’ of their individual members, and perhaps to even greater importance, of the economic, social, ideological and military organizations by which the larger societal entity is defined and defended. As such, prehistoric society is not a freely undertaken movement upward, but rather it’s understood as a forced adaptation to the boundaries of organized collective life.69

Heilbroner concludes that there is “no future or past in prehistoric societies, only an immense present.”70

During the period described by Heilbroner as “Yesterday” or the years encompassing the 1750s and onwards, social structure no longer remains stationary. Yesterday is marked by an awe and respect for technology, the recognition of the dynamic properties of capitalism and the celebration of political will. The advancement of society allows people to change their position, and gain control over nature through technology. During earlier periods, wealth was acquired through military prowess, but now wealth is attained through trade and production. This period is marked by a significant quantitative increase in the production of goods and services. During the 1730s, economists make early attempts to understand markets and realize that once a country acquires “full compliment of riches” it heads into a decline; as Adam Smith said the laborer becomes stupid and torpid.71 During this period, society also experiences the
emergence of a “Political Will,” which Heilbroner describes as the manner in which people accept, celebrate, and seek to alter relationships of subordination and super-ordination found in all post-primitive societies. Ernest Becker, a cultural anthropologist, commented on this phenomenon within human relations as a “fascination of the person who holds or symbolizes power.”

Heilbroner points out how scientists during this era, such as Newton, were not concerned with the application of their scientific discoveries; rather they simply sought to understand the theological implications with religion and not the impact in the realm of politics or social structure. These scientists were driven by their ability to see their lives, “as part of a great collective journeying towards some destination, however indistinct,” and their work offered consolation “for the all too clearly foreseeable destination of each member of the collectivity, which is death.” Science and religion both foresaw the future but one saw it through observation and the other through inspiration. Heilbroner also speaks briefly about how many innovative thinkers of their time, such as Sir Isaac Newton, focused their work around a theory attempting to understand our purpose and God’s mind.

In his 1967 article, “Do Machines Make History?” Heilbroner explores the effect of changes in technology brought about by capitalism in determining the nature of the socioeconomic order of society. Heilbroner ponders whether technology dictates the type of economic system that exists, “I believe that it is impossible to proceed to the age of the steam mill until one has passed through the age of the hand-mill, and that in turn one cannot move to the age of the
electric plant before one has mastered the steam-mill, nor to the nuclear power age until one has lived through that of electricity.” Not all societies are interested in developing a technology of production; it is not the priority of all societies to seek advancement. Related phenomenon of technological “clustering” again suggests that technical evolution follows a sequential and determinate rather than random course. As most advances appear incrementally, Heilbroner asserts that if nature makes no sudden leaps, neither does technology. Technical realization obviously cannot precede what men generally know. Heilbroner applies social relations to technology and argues simple functionality of technology cannot be observed, the context of when it is developed and its impact is also important. Machines reflect and mould the social relationships of work, and “the prevailing level of technology imposes itself powerfully on the structural organization of the productive side of society.”

Resignation describes the distant past, hopefulness characterizes yesterday and apprehension is the mood for “Today.” The empowering gift of science, the dynamics of capitalism and the spirit of mass politics are leading forces to the future. An attachment to mechanical processes leads to the destruction of morality because society exists to advance rather than reflect. The emergence of a global economy leads us to “Tomorrow,” where science and technology lead to weapons, cloning, environmental degradation, and population growth. Heilbroner believes the essence of capitalism is change in the technological, social, political and economic realms, but society may not welcome some unexpected and unpleasant changes brought about by the system. As Heilbroner concludes
Visions of the Future, he leaves the reader with prospects for “Tomorrow.”

Although he strongly believes capitalism has significant flaws and inconsistencies, he offers prospects for the future of capitalism and society in general through various mechanisms. Heilbroner strongly believes reforms in economic education, a change in the naïve optimistic outlook, the possible future of the U.S. economy and action taken to curb inevitable ecological disasters can aid society in creating a solid foundation for the future.\textsuperscript{80}

In Economics and Dissent in an Age of Optimism, Loren Okroi elaborates on Heilbroner’s apprehension for the future of American capitalism. She states he, “Examined modern American capitalism not simply from an economic standpoint, but instead with a fundamental regard for the social and historical context in which it operates.”\textsuperscript{81} Heilbroner attests that the failure of conventional economic analysis to take the issues of social and historical context contributes to the dismal performance of the economy. Heilbroner maintains a special concern for the societal consequences of capitalism in America and he believed,

History, as it comes into our daily lives, is charged with surprise and shock. When we think back over the past few years, what strikes us is the suddenness of its blows, the unannounced descent of its thunderbolts. Wars, revolutions, uprisings, have burst upon us with terrible rapidity. Advances in sciences and technology have rewritten the very terms and conditions of the human contract with no more warning that the morning’s headlines. Encompassing social and economic changes have not only unalterably rearranged our lives, but seem to have done so behind our backs, while we were not looking.\textsuperscript{82}
The abruptness, chronic apprehensiveness, minute factors affecting fate and constant change in fortune brought about by capitalism has made America’s economic history a frightening and disorienting ordeal.

Okroi argues that of all the social and economic theorists, only Heilbroner has placed post-war capitalism in its widest historical perspective. To him, preceding events and ensuing turmoil were not unexpected or inexplicable; rather they were part of the unfolding of a new and disturbing chapter in history. Americans need to develop a sense of history and their place within it so that their movement through history cannot be experienced as a “blind plunge into unknown.”

Heilbroner considers Americans “stubborn optimists,” and he criticizes this optimism by pointing to the vices of capitalism. He fears attitudinal changes have led to the decline of advancement, and worries about the rise of “civilizational malaise” – his general disillusionment with materialistic culture. The emergence of powerful, new technology, such as nuclear weapons, has caused society to become enslaved because individuals have made peace with technology through social organization. Third world countries are also victims of capitalism because developed nations fail to consider the social and political affects of their actions.

Heilbroner criticizes both capitalism and communism because both were manifestations of a brutal process of industrialization, in which the ultimate goal was to extract surplus from human labor to provide investment capital for economic growth. Although neither capitalism nor socialism completely failed, neither succeeded either. The United States aimed at preserving social stability for
itself by supporting anachronistic and corrupt governments, which prevented social advancement but allowed for the continued U.S. exploitation of goods. America’s optimism is naïve and politically dangerous, because although Americans may acquire economic abundance, they become slaves to social restrictions. “The road to abundance leads subtly but surely into the society of control.”

However, to avoid such a dismal fate Heilbroner offers three alternatives:

1. Advanced Luddism, which called for the destruction or reduction of modern technology and economic structures and an overturning of established institutions.

2. Passive acquiescence in the direction of historical change, an unconscious or unintended method that has led society to its present state of affairs.

3. Understanding the forces of historical change and consciously attempting to direct them within the limits of historical possibility, which Heilbroner concluded was humankind’s only viable hope.

Robert Heilbroner believes capitalism has a future, just not what most people expect because society is venturing into unfamiliar territory. Many of Heilbroner’s fears and predictions regarding the free market economic system are proving true, and capitalism today faces the same problems he highlights. Familiar institutions will be replaced by unfamiliar ones, and accustomed ideas by unaccustomed ones. “The life of capitalism involves an incessant and insatiable drive to accumulate wealth.”
Heilbroner’s Thoughts on the Current Recession

Currently not much agreement exists on what type of spending or what combination of spending and tax cuts would be the best solution for the financial crisis. However, there is a distinct shift away from the free market mindset. Society is experiencing a transformation to “people’s capitalism” a mixed economy or welfare state, that openly admits its reliance on government support for personal security against unemployment and the penury of old age. Heilbroner stated in a 1982 publication that the economy must lesson the distinction between the private and public sectors. And today economists largely agree public spending would be more effective than tax cuts in regards to solving the current recession. "New enthusiasm for fiscal stimulus, and particularly government spending, represents a huge evolution in mainstream thinking," said Janet Yellen, president of the Federal Reserve Bank in San Francisco. Keynesian economics, which emphasizes the government's role in the marketplace, lost its popularity during the 1970s. David Gordon stated, “A crisis occurs when an existing social structure of institutions and attitudes loses its capacity to impart momentum to the system, and becomes a drag on its performance.” However, "the present upheaval has been outside the theoretical boundaries of mainstream economics as practiced for a generation by most of the nation's economists." Models are built on the assumption that on average people behave rationally and they do the right thing," says Peter Gottschalk, labor economist at Boston College. However, the models are inherently flawed because economists cannot accurately predict how average people may behave, essentially providing validity to Heilbroner’s
argument on the importance of individual vision. “The nation's mainstream economists lacked the expertise to help guide the process.”

Heilbroner offers two possible directions of evolution: Capitalism stripped down to its natural, simple form, which is a near impossibility due to the intense advancement in business and technology. Or society may see an emergence of socialism: an intensified democratic participation workers and the gradual elimination of capitalist privileges and waste. Thirty years ago, Heilbroner predicted giants such as General Motors or IBM would have government officials on their boards as well as access to government financing. A movement towards state capitalism favors the current condition of our polity, and capitalism is pushed by a drive for survival.

According to Professor William Milberg, Heilbroner was a Keynesian in regards to his economic and political views. He would be very supportive of the stimulus package that President Barrack Obama has pushed through, and he would want to see a push for deficit spending. However, despite his support for increased government regulation, he was not familiar with too much about finance and instead wrote a lot about political economy and the history of economics. In attempting to offer solutions to the current crisis, Milberg believes Heilbroner would retreat back to Adam Smith and Karl Polanyi. Heilbroner always returned to classical economists when faced with social or ethical dilemmas, with his four favorite being Adam Smith, Karl Marx, Joseph Schumpeter, and Bernard Mandeville. In regards to analyzing the situation today, Heilbroner would refer to the work of Karl Polanyi. Heilbroner would have been writing about how
capitalism is remarkably fragile and all of the mathematical models in the world that we have derived would be useless in trying to determine what got us here. In referencing Adam Smith, he would have touched on the dilemma regarding greed and narrow self-interest that could potentially lead to overall social good. However, the current recession proves that greed did not serve us well. Although we cannot be sure whether it was greed or stupidity, the pursuit of greed does not ultimately lead to positive overall social good. He would discuss the traditional paradox between self interest and greed that Adam Smith struggled with almost 300 years ago. Milberg believes his critique of economic methods and perspective on the effectiveness of self regulated markets would shed light on problems today. The last chapter of Worldly Philosophers relates strongly to the current situation because it describes the transformation of the economy or end of “Worldly Philosophizing.”

Professor William Milberg wrote an article on the existence of a discernable pattern in our economic history that Karl Polanyi foresaw. Karl Polanyi’s book in 1942, *The Great Transformation: The Political and Economic Origins of Our Time*, showed “industrial capitalism has exhibited a series of swings in economic and social policy from free market fundamentalism to a more regulated system in response to the excesses and detrimental social consequences of the free market phase.” Milberg believes it would be useful to revisit “Polanyi’s warnings about the nature of this countermovement,” in order to determine ways of developing an alternative theory of political economy to replace the “failed market fundamentalism” advocated by economists for
decades. Because free market capitalism has created social conditions that threaten social cohesion, such as massive unemployment or dangerous working conditions, the government must respond with a “countermovement,” similar to what we’re witnessing today: “the expanded regulation of markets, strengthen social protections like anti-poverty programs and work safety regulations, and bail out failing businesses and households.” Milberg argues that the economy is currently in a pendulum swing, signaling the need for a new social contract and a new way of thinking about the economy. Polanyi explains “that markets function because they are embedded in social and political institutions which create trust and provide norms and limits.”

In order to aid the recovery of our economy, we must adopt a new theory of political economy. John Maynard Keynes stated that perfect capitalism or a completely decentralized free market economy does not naturally gravitate to full employment. “Keynes detailed how endogenous and speculative financial market bubbles can bust with disastrous consequence for investment, employment and output.” The failure of modern economists to fully evaluate these statements reflects Keynes’s thoughts in his 1936 book *The General Theory of Employment, Interest and Money*: “Practical men who believe themselves to be quite exempt from any intellectual influences are usually the slaves of some defunct economist.” As we see today, “Free markets have led to unprecedented and unacceptable inequality of income and wealth, imbalances in international payments, and a misallocation of resources that overemphasizes financial
speculation and underemphasizes entrepreneurship, innovation and economic security.”

“In order to avoid a drastic reverse counter-swing of the social pendulum,” the government must employ a solution that is sustainable. Polanyi insisted that such a solution must incorporate principles of democracy, accountability and justice to insure government legitimacy in the eyes of its citizens. Although the government has resorted to bailouts of financial institutions and pork-barreled stimulus plans, they must be transparent and all regulations need to be enforced.

Karl Polanyi’s argument resonates with Robert Heilbroner’s approach because Polanyi advocates an economic system which incorporates science, politics and ethics. Milberg states, “Economists too can learn from Polanyi that models of the optimality of free markets often ignore broader social consequences of market forces.” Although there are many new impressive technical developments in economic thought today, including experimental economics, behavioral economics, complexity theory and agent-based modeling, there is little substance about the economy in any of these. And these developments provide no coherent vision about social relations, specifically the connections among states, markets, firms and households, interactions that define capitalism. A return to “Keynesianism is perhaps just a step on the path to a new theory of political economy that will be more rooted in institutional detail and more modest in its predictions. Economists have already begun a debate over the failure of existing
economic models and the likelihood of a new paradigm.”

William Milberg concludes that we are working to attain “Freedom in a complex society.”

At the core of Keynes’s ideas was the “advocacy of low interest rates to encourage private investment and public expenditure to supplement private spending. Such a strategy was meant to remedy unemployment, and it gradually became the prescription for using the powers of government to induce and support economic growth.” However, there were institutional changes that posed difficulties for Keynesian policies. During the 1930s, only 6% of the labor force was organized, which increased to roughly one third by the 1960s. “Labor force ceased to be a passive element in the economy and became an active one, constantly pushing for, and usually obtaining, higher wages.”

Also, international financial life was revolutionized, and by the 1960s credit moved around the world at the speed of light. “Interconnectedness of world finance has made possible movements of capital on a scale, as well as with a speed, unknown in the 1930s.” Such a change also posed risks of inflationary surges. The term “inflation” was formally only reserved to be used for great disruptions, such as war, but gradually became a normal part of the economic system.

During this era, experts believed “the only effective weapon effective against this inflationary trend…was to turn Keynesianism on its head, raising interest rates and restraining government spending to regain control over the economy.” A potential solution aside from Keynesianism is the Corporatist Alternative, which is a political framework designed to support high levels of employment without generating inflationary pressures. The “key element is an
explicit or tacit concordat between capital and labor, with government playing the role of a mutually trusted intermediator.”¹¹⁴ A corporatist system relies on the cooperation of powerful unions, corporations, and governments; however, there is no guarantee that these centers of power will act in the public interest. Another alternative is to do nothing, where the goal is to keep government expenditures to the minimum level required for political and social stability, while they hope for a spontaneous boom from some as yet undiscovered advance in technology or rise in business expectations.¹¹⁵

However, Heilbroner believes that to generate a boom, the government must sponsor public growth by building up infrastructure, for which there is both a need and ample money if budgets elsewhere are reduced. Regardless of what approach is followed, in order to move the economy forward, any program must include incentives and inducements to encourage private investment, large-scale undertakings to rebuild decaying cities, and methods to alleviate social pathologies such as crime, drug abuse and homelessness, and also present a new commitment to education.¹¹⁶

Keynesianism entails government spending to revive economic performance, and most economists today agree that a dollar invested in infrastructure, such as a new transit system or bridge repair, is spent more efficiently than a dollar that comes to a household in a tax cut. Heilbroner advocated proposals outlined during the late 1980s and early 1990s to revitalize the growth process by undertaking a public-sector investment program that Barrack Obama has recently proposed. Public investment programs offer
transformational possibilities to infrastructure, such as bullet trains to link cities, major construction to restore inner cities, long overdue process to upgrade educational process, all of which could invigorate our economy as effectively as any technological or organizational revolution.\textsuperscript{117} Heilbroner gave additional suggestions for improvement in American infrastructure that can coincide with successful capitalist policies. An economy cannot exceed limits of its infrastructure, and in order to insure growth of our economy the government must implement an increase in both hard and soft investment such as improvements in the transportation system and education. Expenditure on education has an economic consequence of improving the productivity of our citizens.\textsuperscript{118} The quality of America’s labor force is deteriorating both at the bottom and at the top. The government is unwilling to impose taxes on income, consumption or sin, to pay for improvements, and Americans have an irrational fear of deficits while “Corporate America finances its capital expenditures by issuing new bonds or new stock, which it will ‘service’ from the enhanced earnings that its new capital projects are expected to produce.”\textsuperscript{119} While public capital expenditures for roads, housing, transportation and education have been declining, unnecessary spending for military purposes have been growing.

An updated version of Robert Heilbroner’s \textit{An Inquiry into the Human Prospect: Updated and Reconsidered for the 1980s}, exposes to Americans the realization that they are not shielded from atrocities in the third world and that the United States is no longer an unchallengeable global power. Many of his reflections for 1980s remain true today and describe in inconceivable detail social
and economic problems that arose during the late 1990s and early 2000s. He ponders, "Is there hope for man?" and discusses attitudinal changes that arise due to a loss of assurance with respect to the course of social events. He also states how the quality of life is deteriorating because Americans are unable to sustain the trend of continuous economic growth. The civilizational malaise embodies his general disillusionment with materialistic culture because it has consumed our current frame of mind, which reflects the inability of a civilization directed to material improvement to satisfy human spirit. Heilbroner stressed endlessly that material advantages do not equal happiness, and pointed out that serenity and creativity as compared to our ancestors has waned significantly. History does not validate a belief of evolution of human qualities and social structures, and progress cannot describe the foreseeable future either.

In his afterword, he acknowledges that violence still exists but society has stopped fighting for ideas and ideals, instead people fight over money. The external challenges and dangers he describes are not as significantly dangerous as our "internal capacity" to ignore them. The increasing world population is challenging the human carrying capacity, creating an imminent need for birth control. This leads to grave ecological consequences, where water may become a scarce resource and violence may demand a revolutionary government in the prospect. Secondly, the threat of nuclear war will result in "irreparable damage" and Heilbroner accurately predicts that underdeveloped countries will attain nuclear weapons in the coming generations. He astutely believes these dangerous weapons would eventually be used as an instrument of blackmail and
that war would be a fundamental molding element in the human prospect because it feeds the continuation of nation states as the dominant mode of social organization.  

Although the United States has become synonymous with capitalism, the nation is also strongly linked to racism, militarism, imperialism, and social neglect, all of which are characteristics that are endemic to capitalist nations. Although poverty is a relative term, the American standard of living is taken largely for granted. "Affluence does not buy morale or existential happiness."  

"That condition is [due to] the instability that has always been the hallmark of capitalism, the consequence of what Karl Marx called its ‘anarchy’ - its uncoordinated thrusting expansiveness." The problems of the Great Depression were solved by World War 2, which generated enough government spending to offset the inadequate flow of private spending and enough social support to restore public morale and household buying power. Such remedies may be applied to today’s economic crisis as well. In order to deal with problems of capitalism, government must surrender to the socialism to some degree. "Capitalism disarms socialism by incorporating some of its elements within itself."  

In his final reflection on the human prospect, he reexamines the external challenges, including rapid population growth, the presence of destructive weapons, and dwindling resources that will lead to international tensions reaching dangerous levels for an extended period. The industrial growth process of economic and social life of capitalism and western socialism will be forced to
slow down. He warns that the international community cannot meet the challenges of the future without payment of a fearful price. However, he believes that the "Human prospect is not an irreversible death sentence." He divides the future into two periods: first we will undergo, "Business as usual and a continued emphasis on growth and later there will be an awareness of dangers of growth and conscious search for new framework and socioeconomic organization."

Heilbroner also accurately predicts an unsettling outlook for the United States: the possibility of becoming the long term target of Arab hatred. However he points to larger domestic problems, such as the deterioration of life in urban centers. He believes homelessness is a problem of malign neglect.

Numbing paralysis seems to have afflicted the public will as well as the public conscience. We have yet to design a national energy policy adequate to meet our ecological and political vulnerability. Among industrial nations, we have no universal health insurance. The United States maintains a higher proportion of population in jail than any Western country. Hold the record for crime rates, but still have not banned hand guns. Shocking redistribution of income, during 1980s, top one percent rose by three quarters, lower eighty percent stood still, and those at the very bottom collapsed.

The causes of such social vices are a byproduct of the socioeconomic system itself: capitalism. The highest peacetime priority of capitalism is the accumulation of private wealth, and not the fulfillment of public need. The market serves the rich, but remains deaf and blind to the needs of poor. “How can one explain the paradox of poverty amidst affluence in any society, without calling to account the social order within which it exists?” He describes this as an American Disease, which is a result of an absence of any real political life in
America because we have no party of genuine opposition. “By a party of the opposition, I mean one not afraid to speak out against the dangerous tendencies of capitalism.”134 The solution lies in political change: a new “New Deal” coalition of groups who perceived their interests to be bound up with a program of reform capitalism. Society must concentrate on dramatic reduction of poverty, restoration of public infrastructure, reinvigoration of educational process, and determined effort to overcome racial discrimination. The government can pay for these programs by cutting the military budget at least in half, and by raising taxes on upper incomes.135

Heilbroner attests that funding to pay for the social programs described in his article, “In the Tunnel,” is not impossible if the government changes its priorities, such as substantially cutting military expenditures. He also argues that “Taxes in the United States represent a smaller percentage of gross domestic product than in any other advanced country in the world.”136 He admits that convincing Americans to pay more taxes to build infrastructure is not likely to work. Instead, he supports taxing the expenditures Americans make, and not the incomes they earn. Successful tax collecting nations rely on sales, excise, or value added taxes much more heavily than on income taxes. “Income taxes are a form of depredation on the part of government, whereas taxes that we pay on expenditures, however unwelcome, are not viewed as an unwarranted seizure.”137 Between transfers from the military and a more efficient tax system, the government would discover billions of dollars to “move our society off dead center.”138
Heilbroner describes severe challenges society will face in the upcoming future: population growth, a rise of the power of governments, and an inability to control technological advances. “The root cause of the unease of modern Western civilization was not the demographic and environmental challenges themselves, but rather the inability of social institutions to harness the disruptive, volatile, and mercurial forces of a technological behemoth that had gradually broken loose from the economic, social and political moorings that had held it at least tenuously in check until the mid-twentieth century.” Heilbroner predicts society will face serious challenges from negative externalities created by our actions.

Heilbroner pinpoints pollution and resource depletion as detrimental byproducts of a capitalist system. “Growth is not a process that can be indefinitely sustained or indefinitely endured.” Exponential growth of any kind is an unsustainable process, and economic growth is such an exponential process, and world growth rates will tend to increase over next decade. The amount of resources is determined by the capital and technology society bears. “In turn, that technology tends to be developed, and the capital amassed, when existing supplies of resources of a certain quality become exhausted and prices rise, encouraging the exploration and development of new lower-quality lands or ores, or the use of substitute materials.” However, it is unknown whether society can develop the requisite new technologies to provide a new useable resource each time a given resource is depleted. Pollution is more serious than resource depletion because it leaches out soils, adds cumulative poisons to air and water, endanger the lives of species, including man. Heilbroner offers two solutions to global warming: “To
use technologies that generate energy from solar or other natural sources, such as the winds and tides, and that do not add additional heat to the air. The second is to taper off and eventually cease the relentless need to additional energy by curtailing of our rate of growth.\textsuperscript{142} He believes Americans need time and must exercise caution in the means of growth, and he believes that a “national policy aimed at decreasing energy consumption rate would be a substantial achievement in preparing ourselves for still more demanding adjustments that the more distant future may impose.”\textsuperscript{143}

The reason these dangers are not a more significant and imminent concern for Americans is because although many sacrifice for their children, fewer are willing to do so for their grandchildren. Heilbroner believes, “It is the absence of just such a bond with the future that casts doubt on the ability of nation states or socio economic orders to take now the measures needed to mitigate the problems of the future.”\textsuperscript{144} What does it matter to earlier generations what happens in 2075? Heilbroner bluntly admits that he, his kids and grandkids will probably be dead. Because reason does not give us a compelling argument to care for posterity, there exists no rational justification to care. We are creatures of self interest. However, Adam Smith maintained that the "Man within the breast" ignited the inner creature of conscience. Heilbroner describes the wasteful practices of the current living that will lead to a dismal future for future generations.\textsuperscript{145} Although Heilbroner recognizes the inherent selfishness of people, he urges society to make sacrifices and change behavior in order to ensure a viable environment for our unborn generations. And he believes “the coming
generations, in their encounters with famine, war and threatened carrying capacity of the globe, may be given chance to change.”

Despite his propositions and predictions, Heilbroner admits that attempts to offer general prospects for society or even predict outcomes is nearly impossible because social constructs, such as mainstream, technological, and political culture continuously change. In his article, “The Clouded Crystal Ball,” Heilbroner describes how the economic predictions made about the future during the 1950s were inaccurate or “invisible.” And a prediction made during the 1970s would also fail to adequately speculate where the economy is headed because of a decline in work ethic and a decreasing tolerance for income inequality. He believed that, “If 99% of all economic theory disappeared, leaving us with little more than a freshman knowledge of markets and of the main macrovariables, our ability to conduct economic policy would not be one whit infected.”

Perceptual capabilities of the human mind make it genuinely difficult to perceive new problems in any field because individuals tend to organize perceptions according to generally understood doctrines. They find it difficult to formulate new paradigms because the indeterminancy of the economic system is greater than in the past, and lastly, predictions are difficult because there exist connections between economic trends and sociological or political behavior patterns about which very little is known.

Economists usually fail to predict accurately because the economic system is constantly under pressure from political and socio-cultural developments. Also, the economic system is characterized by the most complex imaginable
interactions. Or, economists may draw the wrong conclusions from the limited amount of data they can assemble. Predictions also fail because buyers and sellers do not obey the laws of supply and demand, as planets obey law of gravity.¹⁵⁰ Heilbroner cites the example of the advantage of predictive capabilities in the stock market. The true value of a stock depends on how much investors are expected to be willing to pay for shares in the light of the company’s expected future earnings. A successful strategy for investors is to buy stock not because it seems cheap, but because it will seem cheap to other buyers.¹⁵¹

The principal economic events of the previous decade, such as the rise of Japan as an economic power, the advent of multinational corporations, and the emergence of inflation as the chronic problem of capitalism, were not remotely anticipated by economists. Heilbroner asserts that in the economic realm, experts simply cannot predict stock market prices because major events occur unexpectedly. “The sophisticated multi-equation ‘models’ of the major economic research organizations have never accurately predicted the major turning points of an economy over the business cycle, much less the level of GNP.”¹⁵²

The urge to better one’s condition, as purported by Adam Smith does impart orderly tendencies to an economy, so it has some discernable regularity; but to say that it has predictable qualities goes too far. Adam Smith aimed not to predict immediate outcomes, but to divine their long run tendencies. Even the esteemed worldly philosophers make conflicting and incorrect predictions “Adam Smith wrote with great persuasive power about the tendency of a market system to maintain internal order and to achieve overall long term growth. Marx wrote
with equal power about its tendency to display internal disorder and to create for itself conditions for eventual collapse.”

“Keynes declared we were within sight of saturation of demand for new investment, not foreseeing the advent of nuclear power, jet transportation, and the electronic revolution within thirty of his gloomy forecast. Schumpeter thought that a centrally planned socialist economy would probably work better than capitalism.” If economics cannot predict, it can at the very least instruct.

Robert Heilbroner’s approach to economics provides society with reasonable advice for sustenance in the future. Heilbroner remained reluctant to identify with the economics profession because he strays in both his approach to the field and his interpretation of economic currents. Despite this unwillingness, the inability of economists to explain the current economic recession ultimately demonstrates the immense importance of acknowledging the insignificance of analytical economics. He wrote insightful pieces during the 1980s that provide for more substantial and tangible solutions than do the abstract and intangible proposals founded on mathematical formulas. He agrees with Schumpeter in his prediction of the death of capitalism as a result of social and cultural effects, rather than any economic factors, and believes wasteful practices will lead to a dismal future for coming generations. Because he remains genuinely concerned for the future of capitalism, Heilbroner hopes for a humane and democratic socialist evolution, and although he cannot predict the lifespan of capitalism, he hopes for positive outcomes. He also addresses the deep human need for certainty in future terms, but argues that society’s capacity to form reliable social
predictions is severely limited. Heilbroner states, “An awareness of these preconceptions forces us to recognize that the world we analyze is not just unambiguously there, but displays the characteristics that we project into it.”

Heilbroner is disillusioned with Americans’ attitude of optimism and the shift in philosophy of rugged individualism to one of “entitlement.” Although Heilbroner recognizes the inherent selfishness of people, he urges society to make sacrifices and change behavior in order to ensure a viable environment for our unborn generations because “Mankind cannot expect to continue on Earth indefinitely if we do not curb population growth.”

Heilbroner concludes that the presence of “vision” or a precognitive analytic act can offer the ideal of social analysis informed by human values as a desirable method to address societal ills.


Heilbroner, "Economics as a "Value-free" Science," 32.

Heilbroner, "Economics as a "Value-free" Science," 34.


Heilbroner, "Economics as a "Value-free" Science," 37.


Heilbroner, “Fundamental Economic Concepts: Another Perspective,” 120.


Neff, “Teaching from the Worldly Philosophy,” 25.


Heilbroner, "Was Schumpeter Right After All?", 92.


Milberg, Interview by Nida Javaid.


Milberg, Interview by Nida Javaid.

William Milberg, Interview by Nida Javaid, Syracuse University, Syracuse, New York, April 7, 2009.

Milberg, Interview by Nida Javaid.


55 Milberg, Interview by Nida Javaid.
67 Milberg, Interview by Nida Javaid.
68 Heilbroner, *Visions of the Future* 27.
70 Heilbroner, *Visions of the Future*, 56.
76 Heilbroner, “Do Machines Make History?” 342.
78 Heilbroner, *Visions of the Future*, 112.
79 Milberg, Interview by Nida Javaid.
81 Okroi, *Galbraith Harrington Heilbroner*, 177.
85 Okroi, *Galbraith Harrington Heilbroner*, 190.
88 Heilbroner, "Does Capitalism Have a Future?" 52.

Robert Heilbroner, "Does Capitalism Have a Future?" 44.


Robert Heilbroner, "Does Capitalism Have a Future?" 58.

William Milberg, Keynes's Stimulus, Polanyi's Moment, pp. 2.


Heilbroner, “After Keynes,” 2.


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Honors Capstone Summary
Description of the Project:

Robert Heilbroner lived from March 24, 1919 till January 4, 2005. He worked as an economist, and perhaps more importantly as an historian of economic thought. He was born into a German Jewish family in New York. In 1940, Heilbroner graduated from Harvard University, summa cum laude with degrees in philosophy, government and economics. During World War II, he served in the United States Army, and after the war ended, he worked briefly as a banker and then chose to begin graduate work at the New School for Social Research in the 1950s. During graduate school, he was highly influenced by the German economist Adolph Lowe. In 1963, Heilbroner earned a Ph.D. in Economics from the New School, where he continued to teach and research for more than twenty years. He was appointed a Norman Thomas Professor of Economics in 1971, and taught course on the History of Economic Thought at the New School.

Heilbroner was considered a highly unconventional economist and often regarded as more of a social theorist because of his preoccupation with worldly affairs, such as economic institutions and environmental impacts. He integrated the disciplines of history, economics and philosophy. He considered the history of economic thought a cultural history. His election as Vice President of the American Economic Association in 1972 demonstrates that he was nevertheless recognized by his peers as a prominent economist.

He strongly disagreed with mainstream economists, and argued that
instead of employing the concepts of economics to compose mathematical formulas that describe how society balances scarce resources with unlimited wants, economics must be studied and applied to society in the context of individual vision, which encompasses socialized beliefs that arise from one’s environment. Because economics can only be understood in terms of socialized beliefs held by the researcher, Heilbroner believes it fails to be an objective science. Based on this claim, one must conclude that analytical economics can reveal little about the nature of social order because the mathematical results concern only a particular social order, rather than the actual human condition. Economists must maintain responsibility for the economic reality they present to society. He applies this frame of thought to most of his work, and his vision of economics allows him to make predictions for the future of American society, absent of analytical approximations. This research paper explores the development of his ideological vision that ultimately lends to an enlightening interpretation of predictions for the global environment, capitalism, and morality. Heilbroner’s writing and approach outlines the history of economic thought, provides a justification for his rejection of analytical economics, and demonstrates that many of his predictions for the future of American capitalism proved true.

Robert Heilbroner argues that economics cannot be a “value free” science, one that conducts research in a manner independent of biases and hopes of the scientist. Economic researchers, according to Heilbroner, study the actions of human beings and ascribe meaning to the data and relationships that they acquire through statistics. In order to explain or predict how and why social beings
display the objective characteristics unearthed, and therefore analysis must be value based. The research does not end at simple observation; economists prescribe social remedies for varying situations. To move from economic statistics to economic analysis, one must move from observations into assumptions with regards to behavior. Social scientists study subjects that possess attributes of “latent willfulness that is lacking from even the most spectacular processes of nature.” The unique “vision” maintained by the economist influences the conclusions drawn from any set of social facts.

Despite his disillusionment with the transformation of the economic field into an analytically laden science, Robert Heilbroner remains genuinely concerned for the future of capitalism. He warns of the death of capitalism as a result of social and cultural effects, rather than any economic factors, and believes wasteful practices will lead to a dismal future for coming generations. The decaying social environment may be saved through a humane and democratic socialist evolution. Part of his fear for the future of capitalism arises from his disenchantment with selfishness in American society and the shift in philosophy of rugged individualism to one of “entitlement.” In order to overcome such vices of greed and self-interest, he urges society to make sacrifices and change behavior in order to ensure a viable environment for our unborn generations.

Discussion of Methods Used:

In order to complete this research project, I engaged in extensive independent research with the support of my thesis advisor, Elisabeth Lasch-
Quinn. During her history research seminar, I consulted online journal databases and read many of Heilbroner’s most famous publications, including *The Worldly Philosophers* and *Visions of the Future: The Distant Past, Yesterday, Today, Tomorrow*, as well as publications about his life and work, including *Galbraith, Harrington and Heilbroner*, written by Loren Okroi. I also obtained a grant from the history department that allowed me to travel to New York City to the New School of Social Research to sift through relevant archives. I found many interesting publications of Heilbroner’s that I was unable to attain via the internet, and I also had the opportunity to meet with a former colleague of Heilbroner’s, Professor William Milberg, who taught several classes with him. This research sufficed for the thesis I developed in the class, which primarily focused on his frame of mind and his applications of that framework to predictions regarding the future of capitalism.

In order to develop the research project further for the capstone, I expanded the thesis to include a closer look at his pursuit of the field of economics, specifically a cultural, historical approach as well as how his teachings could apply to the current financial crisis in our capitalist society. Because Heilbroner passed away, I obviously could not know what his exact thoughts would be; however, I again contacted his former colleague, Professor William Milberg, to gage his opinion and thoughts. I also made a few trips to the New School again to look through the recently updated archive boxes on Heilbroner, which contained more detailed and thorough collections of his correspondences with Adolph Lowe and a more complete book of the
publications I used during the previous visit. I also obtained a complete C.V. of
Heilbroner’s, which allowed me to easily locate any articles that I may find
useful, rather than doing random searches on various online journal databases. I
also read a few more books and used more articles that I believed would help
support the revised thesis.

Discussion of the project’s significance:

The significance of this project for me is that I successfully found a niche
within the field of economics that appealed to my interests and understanding of
the purpose of the field. I hoped to complete a distinction project in the
Economics department, and made several attempts to contact professors who were
working on pertinent research to see if they needed research assistants. The
countless visits proved futile because I did not have the academic background and
foundation required for sorting through statistical research data. I was pursuing a
Bachelor of Arts in Economics rather than a Bachelor of Science, and therefore
had not taken the Statistical Economics classes necessary to understand how to
deal with the data for the professors. I felt unaccomplished and also confused
because I was certain that there was more to the field than analyzing and
manipulating numbers to find arbitrary correlations.

During a history research seminar on the New York Intellectuals, I learned
of Robert Heilbroner’s work in the field of economics and how it differed from
mainstream, mathematical economic work. As I read through his works, I realized
how significant his approach to “vision” was, and how it perfectly complimented
my disillusion with the economics department at Syracuse University. As I
worked to further develop the research paper for the capstone, I read many articles concerning the current economic crisis and how many felt that economists failed to predict or even sense such mistakes and failures. Such a fault of the field can be attributed to the nature of the field, specifically an over emphasis on mathematical formulas that rely on rational individuals. The financial downturn proved that we cannot rely on a “rational being” model because most people do not make decisions based on that mold.

I want to anticipate what Robert Heilbroner’s reaction to today’s economy would be, and whether his articles and books making predictions about the future of American capitalism proved true. I believe the significance of my paper for general society is the need to shift away from analytical economics, and focus on lessons from history and basic economic thought. A look back to the foundations of modern economic history may give experts more insight on what actions to take in order to deal with our plight of loan default rather than focusing on injecting liquidity. And although his remedies for avoiding dire the predictions for capitalism may not provide a complete solution, it may lay the groundwork for a more effective and long-term solution.