

Empirical realities and social and economic theorizing: some starting assumptions for research*

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The paper analyzes the development of social science perspectives in the twentieth century. It focuses on the relationship between empirical reality and social and economic theory. After discussing the inadequacy of the current sociological enterprise, the author proposes a set of theoretical assumptions for a new explanatory model of political, economic and social realities.

Key words: SOCIAL THEORY, ECONOMIC THEORY, RATIONAL CHOICE, IRRATIONALITY, SOCIOLOGY AND ECONOMICS

The Relation of Theory to Social Policy

In the aftermath of World War I, an international intellectual community of social scientists was animated by an effort to understand and explain the central problems facing 20th century capitalism. They sought to understand this epoch from both sociological and economic perspectives, and they hoped thereby to provide rational policy solutions that would avert the possibility, as they saw it, of worldwide political instability.

The phenomena to which their attention was drawn included the following:

1. The rise of a new class of employees; what Jacob Marshak and Emil Lederer described as the new white collar, administrative, managerial and bureaucratic classes. Noting the dependency of these classes on both impersonal market forces and the decisions of political officials, they saw the political orientations of these classes as critical to the stability of the political order. The economic vulnerability of these new middle classes could potentially lead to acceptance of politically irrational "solutions."¹

2. Noting the existence of technological unemployment at national and international levels, Emil Lederer and Vladimir Woytinski saw that there was no automatic, self-correcting mechanism for the problems it created. The vulnerability of almost all classes to incessant technological change spurred by the rationalization of productive forces led them to believe in the need for social and economic planning as a compensatory means for correcting the irrationalities of a free market economy.²

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¹ See especially Jacob Marshak and Emil Lederer, *Der Neue Mittelstand* (1926: Grundriss der Sozioökonomik) and Hans Spier, *German White Collar Workers and the Rise of Hitler* (1986, New Haven: Yale University Press, originally written in 1933 under the title *Die Angestellten vor dem Nationalsozialismus: Ein Beitrag zum Verständnis der deutschen Sozialstruktur 1918-1933*, but not published in a German edition until 1977). For the contemporary significance of these classes, see Joseph Bensman and Arthur J. Vidich, *American Society: The Welfare State and Beyond*, Arthur J. Vidich, *The New Middle Classes: Lifestyles, Status Claims and Political Orientation* (1995, New York: New York University Press).

² An outstanding work on this subject is that of Emil Lederer, *Technical Progress and Unemployment, An Inquiry into the Obstacles to Economic Expansion*, 1938 (London: P. S. King and Son, Ltd., published for the International Labour Office of the League of Nations' Studies and Reports, Serial C., No. 22). Also in that same series by Vladimir Woytinsky, *Three Sources of Unemployment*, Series C., No. 20.

3. The rise of the mass state and giant national and international corporate business enterprises undermined a sense of class and community identifications, resulting in both further social individuation and personal insecurity, not compensated for by either kinship ties or ethnic ideologies. Franz Neumann, Erich Fromm and others noted that the failure to find social-psychological and economic means for the resolution of social and class conflicts could lead to demands on the political system for totalitarian unity manipulated by charismatic leaders and routinized by political parties, the press and other media.³

4. Joseph Schumpeter and Hans Neisser argued that the irrationality of the cyclic growth and contraction of business, with its disruptive consequences for industrial production, led to intolerable levels of inequality and outright poverty in the system of distribution of the material means to livelihood.⁴

5. Thorstein Veblen and Kenneth Burke saw the implications of the unregulated globalization of the monetary and banking systems and the irrationalities of an international trading system under which each country wishes to export more than it imports in order not to suffer a trade imbalance. The unregulated relationship between currency speculation and international trade could lead to trade wars and ultimately lead nations to seek military solutions.⁵

6. Veblen analyzed the irrationality of an economic system wherein interest earnings on capital presuppose a continuous growth and expansion of the underlying system of industrial and agricultural productivity. He noted that the ideology of growth and expansion when linked to an unregulated credit system can lead to speculative over-extensions of credit which, in a downward movement of the business cycle, can result in a general economic crisis.⁶

7. The breakdown of the free enterprise economy in the United States in 1929, and the unexpected collapse of the system of industrial production, led to an acceptance of social and economic planning by American sociologists and economists, including, among others, Wesley Mitchel, Charles Merriam, William Ogburn, and Harold Lasswell.⁷

³ The case in point was the rise of National Socialism in Germany. An entire generation of scholars, including Hans Standinger, Franz Neumann, Erich Fromm, Paul Massing and Hannah Arendt, has offered various interpretations of German Fascism. In his book *State of the Masses: The Threat of the Classless Society* (1940, New York: W. W. Norton), Emil Lederer argued that the breakdown of class identifications in Germany facilitated the mass movements and patriotic fervor that could be exploited by Fascist propaganda. The elaboration of Lederer's ideas were originally developed by Joseph Bensman in his unpublished essay, "The Relevance of Emil Lederer's Ideas to the Contemporary Social Sciences," presented at the Emil Lederer Symposium, New School for Social Research, 1985. This essay draws upon and elaborates some of the ideas presented by Bensman in that essay.

⁴ The subject of business cycles was then a major concern of economists. Starting at the turn of the century, and especially during the decade of the 30s, almost all economists made this a subject of research. Some works in this genre are Joseph A. Schumpeter, *Business Cycles: A Theoretical, Historical and Statistical Analysis of the Capitalistic Process*, 2 vols. (1939, New York and London: McGraw-Hill); Hans Neisser, *Some International Aspects of the Business Cycle* (1936, Philadelphia: University of Pennsylvania Press); and Alvin Hansen, *Fiscal Policy and Business Cycles* (1941, New York: Norton).

⁵ See Kenneth Burke, *Attitudes Towards History* (1984, Berkeley: University of California Press, 3rd edition), in a section titled "Naive Capitalism," pp. 142-58; and also *A Grammar of Motives* (1954, Englewood Cliffs: Prentice-Hall), in sections titled "Money as a Substitute for God," pp. 101-7, "The Nature of Monetary Reality," pp. 113-7, and "Money as a God Term," pp. 355-56; and also Thorstein Veblen, *The Theory of Business Enterprise* ([n.d.] New York: Mentor Books, New American Library), esp. Chapter V, "The Use of Loan Capital" and Absentee Ownership and Business Enterprise in Recent Times: The Case of America (1954: New York, 4th printing [1923]), esp. Chapter XII, "The Larger Use of Credit."

⁶ In addition to the works cited in footnote 5, see Thorstein Veblen's "On the Nature of Capital" I and II, pp. 325-86 in Veblen on Marx, Race, Science and Economics (1969, New York: Capricorn Books, originally published as *The Place of Science in Modern Civilization and other Essays*, 1919, New York: B. W. Huebsch).

⁷ See Mark C. Smith, *Social Sciences in the Crucible: The American Debate over Objectivity and Purpose*, 1994, Durham, NC: Duke University Press, for the kinds of policy issues that were then of concern to American social scientists. Pragmatic in their outlook on social and economic problems, they believed in a purposeful social science that would be committed to the solution of problems. For an analysis of the ideological sources of their pragmatism and the directions it took, see Arthur J. Vidich and Stanford M. Lyman, *American Sociology: Worldly Rejections of Religion and Their Directions*, 1985, New Haven, CT: Yale University Press.

8. John Maynard Keynes and Veblen, among others, saw the tendency among the nation-states, including Japan, to seek resolution of international trade and economic problems through military policy and war.⁸

The focus of these analysts on the irrational dimensions of political and economic processes is explained in part by the devastating consequences of World War I, the Russian Revolution and the collapse of the Kaiserreich in Germany.⁹ The epoch in which these issues and problems were recognized and analyzed coincided with the depression of 1929 and the rise of Fascism in Europe. In the search for a solution to mass unemployment and underconsumption, English, German and American economists and social thinkers sought to find a solution not only to the depression, but also to business cycles, the negative consequences of a free market economy, and the forms of social disorganization they caused.

The Relation of Theory to Social Reality

This social science perspective rested on the premise that sociology and economics shared common assumptions.¹⁰ Those holding this attitude considered it axiomatic that in the epoch of modern industrial capitalism, the world was in a process of continuous change, and accordingly, new concepts and terminologies were needed in order to grasp new ongoing realities. A direct relationship was assumed to exist between empirical reality and social interpretation.¹¹ When such a relationship appeared to be out of line, existing interpretations and explanations became subject to criticism and revision. From this perspective, a society could be conceived neither as a system nor as abstract categories of analysis.

These analysts were required to reinterpret and "correct" the basic ideas of a field to make them conform to new realities, after earlier interpretations were made irrelevant by changing social and economic conditions. Key analytical categories in the theoretical language of these scholars include the political process, the quality of political leadership, the impact of large-scale organizations and bureaucracy, the functions and hierarchies of classes, mass movements that cut through and across classes, propaganda, the newly emergent forms of mass media, and the potential for both political and economic rationality and irrationality in the world of industrial and business capitalism.

It was understood that social and economic theorizing must take account of emergent events in an ever changing world. Theoretical models in the social sciences could not be used to solve the problems of the real world, or serve as a substitute for empirically examining it. For them, concepts, theoretical constructs, systems and specialized vocabularies were useful tools for examining the empirical world, not answers in themselves to the new problems posed by changes in the world.

⁸ Included among the well-known authors who have made this point are such diverse writers as Karl Marx, V. I. Lenin, John Hobson, John Maynard Keynes and Thorstein Veblen. The latter's *The Nature of the Peace* and especially his essay "Dementia Praecox" make this point in the strongest terms.

⁹ This concern later affected all German democrats and refugees, including Hannah Arendt, Theodor Adorno, Erich Fromm and Hans Speier, although each of them had different diagnoses of the causes of authoritarianism, totalitarianism and political and economic irrationality.

¹⁰ Adolf Lowe developed this position in his study *Economics and Sociology: A Plea for Cooperation in the Social Sciences*, Allen and Unwin, London, 1935.

¹¹ It is apparently an article of faith among some post-modernists that such comprehension of social reality is not possible. According to Steven Seidman, "If I am not mistaken, a scientific social theory that aims to establish the foundations for social knowledge and aspires to uncover a vocabulary mirroring the structure of society is collapsing under its own dead weight." See *Contested Knowledge: Social Theory in the Postmodern Era* (1994, Oxford, UK and Cambridge, USA: Blackwell). Acceptance of this position relieves the analyst of any responsibility for understanding social and economic processes, and lends itself to ideological posturing of various kinds.

John Maynard Keynes, the thinker who came to symbolize the social and economic thought of the epoch, reversed the basic assumptions of classical free-market laissez-faire economics.¹² When it became apparent during the depression that industry and business did not have a solution to the problem of regenerating production, the free-market economy was eclipsed by state bureaucratic economic centralism designed to stimulate production by the creation and regulation of demand.¹³ Changing the ordering of economic values from production to those of consumption (demand), Keynes, and following him the New Dealers, sought to induce an economic recovery by deficit spending, a method that directly violated the classical economic icon of savings.

Keynesian demand-side economics with which the Roosevelt administration experimented in the 1930s was based on what came to be called the Keynesian bargain. Under this arrangement, each major societal group was expected to restrain its demands for an inordinate share of the social wealth. Labor was expected to restrain its wage demands, and business and industry were to accept price rises within limits of a regulated inflation. Tax relief and federal government subsidies would be moderate and other indirect inflationary increases due to deficit spending were to be regulated at about 4 percent per year. These terms were set by government guidelines, and became the demands that government placed upon competing interest groups: the government was presumed to possess the ability to calculate rationally the interests of labor, capital and consumers. Underlying Keynesian theory was the assumption that the costs of the welfare state would be met by the increased productivity of labor and capital, and by technological progress, and that all groups would benefit. Most of the assumptions on which the Keynesianism originally rested are no longer useful as starting points, and they are not adequate preparation for understanding the more complicated class and social structure that has emerged over the past half century.

Through deficit financing, taxation policy, and guaranteed credit, the Keynesian economics that emerged after World War II supplied the economic basis of the welfare state. Deficit financing provided subsidies for education, Medicare and Medicaid, unemployment insurance and relief, agricultural subsidies, and the resources that underwrote expanded consumption, markets and tax credits for business. Postwar Keynesianism, although built on the premises of the New Deal (that a share of the common wealth be distributed to all sectors of society), developed in the context of a new and unanticipated world situation.¹⁴

The Bretton Woods agreements of 1944 anticipated the emergence of the dollar as the global currency of the postwar period, and the United States as the leader of the Western world. This position of world leadership was confirmed by the defeat of the Axis powers and the successful production and use of atomic bombs, and by the fact that its capacity for industrial production remained intact at the end of the war. After World War II, American industry was capable of supporting both domestic affluence and economic expansiveness throughout the Western world. It revitalized the European and Japanese economies and at great cost supported a Cold War confrontation with the Soviet Union on a global scale.

¹² Many of Keynes' ideas had also been developed by a group of German economists during the decade of the 1920s. When Hitler came to power, these economists emigrated to the United States and became associated with American universities, especially The New School for Social Research, where they adapted their ideas to the problems of America's depression. For the roles they played as New Deal policymakers, see Claus-Dieter Krohn, *Intellectuals in Exile: the Graduate Faculty of the New School for Social Research* (1993, Amherst, MA: University of Amherst Press).

¹³ For a further discussion of this reversal of values, see my essay "The Moral, Economic and Political Status of Labor in American Society," *Social Research*, Vol. 49, #3, 1982, pp. 753-90, esp. "Keynesianism as the State Administration of the Protestant Ethic," pp. 779-84.

¹⁴ Keynes died in 1946, before the serious beginning of the Cold War. Lederer died in 1939, before America's entry into World War II. Veblen, whose work foresaw the Great Depression, died before its onset, and thus before Roosevelt's New Deal. Schumpeter, whose pessimism about the future was expressed in his book *Capitalism, Socialism and Democracy*, died in 1954, and so saw only the beginnings of the resurgence of postwar economic growth.

From the standpoint of the social sciences, Keynesianism was the dominant economic theory and practice from the depression years to the mid 1960s. Its underlying social assumption was that social, class and economic conflict could be rationally managed and controlled by means of economic policy. The counterpart to Keynesianism in social theory - at least in terms of its near orthodox status - was Talcott Parson's structural-functional systems theory. It posited an absence of conflict and competition based on the assumption of the successful application of Keynesian economics. It celebrated a consensual society in which each actor was assumed to have a role designated according to a function performed. The theory put forth an image and a deeper reality of an integrated, totalistic, non-competitive system based upon voluntaristic consensual values. It rejected the individualism of classical liberalism and conflicts between classes and other large groups. Because the Parsonian social system possessed a harmony of its own, conflict and competition played no role in the theory, although earlier thinkers had considered them necessary for the achievement of rational democratic adjustments and the accommodation of class interests. However, even as Parsons was refining social systems theory, the empirical-historical refutation of his conception of American society was being demonstrated in the immediate post World War II years: consider the labor conflicts, the internal security tensions and the civil rights movements of the decade of the 50s. But it was the violence and conflict of the 1960s that finally demonstrated that Parsons' idea of a voluntaristic consensual society did not conform to reality.¹⁵ By now a dead horse, structural-functional systems theory remains alive as a kind of academic ritual. Yet, despite repeated flogging, this old war horse still lives, but now mainly as the "new and improved" brand of neo-functionalism of Jeffrey Alexander. Even in its new guise, however, it is a tired old horse, asked to carry much more weight than it can manage.¹⁶

Some New Directions in Social and Economic Theory

In reaction to the collapse of Keynesian economic theory and the irrelevance of structural-functional systems theory, new varieties of social and economic theory began to appear in the 1960s and 1970s. In most cases, these theories were products of a generation of social scientists who were intellectually formed by the Cold War, the violence of the 60s, and the student revolts. In Western democratic societies in particular, a generation of youth became activated, and with the help of the media began to produce a culture of their own, marked by special dress styles, rock and roll music, drugs, suspicion of elders, and distinctive social ideas. These ideas resonated with the cultural and class milieux in and through which this generation was intellectually formed. In contrast to the economically disenfranchised youth of the depression, who had sought to find a way into society, the youth of the 60s, who were in some cases the sons and daughters of depression-bred parents, copped out, opted out, and sometimes dropped out altogether under the influence of affluence. Hoping to be the vanguard of a revolution against their elders and the capitalist establishment as a whole, they searched for ideas in Marxism, Leninism, Socialism, Maoism, and several versions of democracy derived from the French Revolution.¹⁷ Theirs was to be an instant transformation of the social order based

¹⁵ Early critiques of structural-functionalism included C. Wright Mills, *The Sociological Imagination* (1959, New York: Oxford University Press); Maurice Stein and Arthur J. Vidich, *Sociology on Trial* (1963, Englewood Cliffs: Prentice-Hall); and Alvin Gouldner, *The Coming Crisis of Western Sociology* (1970, New York: Basic Books). See also my review 20 years later of "The Coming Crisis of Western Sociology" in *Qualitative Studies in Education*, 1991, Vol. 4, No. 3, pp 261-274.

¹⁶ See Jeffrey C. Alexander, *Theoretical Logic in Sociology*, 4 vols. (1982, Berkeley: University of California Press).

¹⁷ See Norman Birnbaum, *Constellations*, Vol. 1, No. 1, April 1994, pp. 144-57, "What Can We Learn from the Movements of 1968?" for a country by country review of student and worker revolts during the peak year of 1968. Professor Birnbaum notes that "as in 1848 (and 1989) in Europe, or in the initial spread of Bolshevism and Jacobinism, in other periods, ideas and impulses, aspirations and sensibilities, spread across national boundaries, indeed from continent to

on their conception of themselves as revolutionary agents bound by neither a cultural past nor history, an attitude that repudiated traditional or established ideas and rejected the university as the site for the discovery of new ideas.¹⁸

In the United States, the student revolts were carried out partly in opposition to the penetration of the universities by cold-war political and military objectives. The mobilization of university manpower resources which began in World War II was extended, deepened and consolidated during the first decade of the Cold War.¹⁹ Under extraordinary government subsidy, state university systems, dubbed multiversities by Clark Kerr of the University of California, were created throughout the country. The university had been given the strategic role of producing the technocrats and specialists needed to manage rationally the national security state. Under an ideology of national consensus, an end to ideology was proclaimed. In this process universities became vast administrative bureaucracies, losing the human element in the student-professor relationship and exacerbating the already existing moral revulsion of radical students. As a consequence, the transmission of the theoretical heritage of the social science disciplines was ruptured.²⁰ A link to past intellectual traditions was broken, leaving the 60s generation of student rebels to reinvent the social sciences with their own resources.²¹

First and foremost the radicalized students rediscovered Karl Marx. Even the invocation of his name could be counted upon to irritate the academic establishment. Hence a new generation of neo-Marxists was born, in part because Marx and *The Communist Manifesto* had earlier been banished by an establishment "end of ideology" academic discourse and the Cold War. Rarely read in depth by these neo-Marxists, Marx came to be an icon that separated radical students and their teaching assistants from the academic establishment. Promoting the idea of a forthcoming revolution led to a curious inflation of acts of violence that culminated for some in the advocacy of the use of terrorism to send a political message. Moral distinctions came to be based on the degree of one's commitment to the advocacy of extreme measures

continent in what appeared to be a movement of global solidarity" (p. 144). Yet while he notes the adolescent features, or as he calls them, "infantile fantasies" (p. 155) of these revolutionaries ("instant achievement of liberation," "instantaneity of gratification, directness in all human and social relationships and the end of institutional constraint" (p. 154), Birnbaum remains committed to the linear continuities between these revolts and their predecessors in France and Russia, i.e., that these later revolutionaries failed to see the stages of history, and that "the emancipatory and libertarian components of Marxism were detached by them from their embeddedness in the labor process" (p. 155).

¹⁸ For an analysis of some of the social-psychological dimensions of the 60s student revolts, see Joseph Bensman and Arthur J. Vidich, *The New American Society: The Revolution of the Middle Class* (1971, Chicago: Quadrangle, Chapter 13, "Rejection of the New Society by Radical Youth," and also the 2nd revised edition under the title *American Society: the Welfare State and Beyond*, 1987, South Hadley, MA: Bergin and Garvey).

See John R. Sceley, Alexander R. Sim and Elizabeth W. Loosely, *Crestwood Heights* (1956, New York: Basic Books), for a description of these family and social-psychological processes as exhibited in the new suburbs of the post-war, Cold War period.

¹⁹ See Sigmond Diamond, *Compromised Campus: The Collaboration of the Universities with the Intelligence Community, 1945-1955* (1992, New York: Oxford University Press), which provides concrete empirical data for how this was accomplished in the social sciences at Harvard, Yale and a number of other universities. Coordinated by former members of the wartime Office of Strategic Services (OSS), later to become the CIA, a nationally organized university-foundation-government complex provided the "line" for much of Cold War social science research.

²⁰ Another consequence was a breakdown of traditional patterns of student-professor etiquette. The young instructor and junior professor encouraged a more informal first-name relationship with the student, and the elimination of all honorific titles. This democratization in the classroom and the professor's office became the basis for student-professor alliances against university administrators, now a permanent feature of university life.

²¹ The '60s generation of middle class youth was born and bred in the cultural milieu of the post-World War II suburbs, a milieu that included both parental indulgence and pressure to achieve at higher economic and status levels than their parents. For some of them, career achievement was to be found in higher education and the possession of a university degree. The generation of professors they encountered were also members of the new middle classes, and like their parents, were economically dependent on a salary and based their status, prestige and self-esteem on rank and salary. Academic competition for honor and reward had replaced the more leisurely and less competitive style of the older, independently wealthy, genteel, WASP-dominated professoriate.

as evidenced in big talk and appropriate intellectual references: the more radical and anti-establishmentarian the talk, the more morally superior it was considered to be. The radicalized students were joined by some older professors who had been leftist radicals of various persuasions during the 30s but had gone underground or been fired during the anti-communist purge of the universities in the early 1950s. Later some of them were able to act as sage advisors to the "kids" from the sanctity of their tenured positions.²² The youth, in its fervor of moral self-righteousness, and the younger professors, at least partly to make room at the top for themselves, attacked the older generation for its "corruption" and political complicity. Over time this relationship between radical students and professors led to a reorientation of social theory and a reconceptualization of the problems of the social sciences.

Marx's rehabilitation was a direct challenge to Parsonian structural-functionalism, and gave rise to a number of neo-Marxian conflict and critical theories. The work of C. Wright Mills (*The Sociological Imagination, The Power Elite*), Herbert Marcuse (*One Dimensional Man*), and Max Horkheimer and Theodor Adorno (*The Dialectic of Enlightenment*) opened up here and abroad a world of critical thinking and neo-Marxism to a new generation of radical and questioning youth.²³ In part, neo-Marxism developed in response to the war in Vietnam, the dominance of the military-industrial complex, the repression of free speech in the universities, and a belief in the failure of the civil rights movement. When acted out in the 60s, some of the theories produced considerable violence, destruction and self-destruction. Their expression as bombing and terrorism lessened their appeal to their advocates, diminished their claim to moral superiority and led to the evocation of new theories.

The inability of society to meet the emotional and existential needs of revolutionary youth may have been due to hypocrisy and a failure to fulfill their expectations. Nevertheless, whatever those expectations might have been, the failure to fulfill them produced a variety of social movements, even as it produced counter-repression and other forms of irrationality. Some of the radical youth who later became professors recanted this past, and reoriented themselves intellectually. Perhaps as a result of the failure of the revolution, modification of these theories produced continuous and seemingly endless splits, changes and variety in critical and radical theory.

The Frankfurt School variety of critical theory had taken a decidedly psychological, aesthetic and philosophical turn away from Marx's economics and materialism: Max Horkheimer and Theodor Adorno in the book *The Dialectic of Enlightenment* described a world clamped in the vise of instrumental reason. In the United States those following this line were led to accept the notions of excessive rationality, one-dimensionality, the impersonality of corporate capitalism, and the failure of capitalism to meet the emotional and mytho-poetic needs of men and women: for them, "surplus repression" would be eliminated by the revolution. Later, this orientation to critical theory turned its attention to mass culture and provided a beginning point for what is now known as culture studies, some of whose practitioners attribute to the culture industry an all-powerful capacity to tame and make inert the masses and sublimate social and class conflict. In Germany, later on, Jürgen Habermas turned critical theory into a defense of liberalism and democracy and incorporated a revisionist Parsonianism into his per-

²² To the best of my knowledge, no one has studied this phenomenon. The starting point for such a study would be the invention of what was then known as the "teach-in," which began in 1961 and 1962. Started at the University of Michigan at Ann Arbor by a group of anthropologists, the "teach-in" was portrayed as an extension of classroom learning, whereby students voluntarily attended classes, lectures and discussions above and beyond their regular coursework, and thus were to be beyond criticism by administrators. The initiators of the "teach-in" were a group of Julien Stewards' Columbia-trained anthropologists who had been radicals and socialists of various kinds during their youth in the 30s.

²³ See Andrew Jamison and Ron Eyerman, *Seeds of the Sixties* (1994, Berkeley: University of California Press), for one account of a selection of authors who became a starting point for such a reconceptualization. See also Steven Seidman, op. cit., which focuses on C. Wright Mills and Jürgen Habermas as pivotal figures in this author's theoretical education.

spective.²⁴ After the decade of the 60s, some of the older generation of youth radicals became critical theorists and, via Habermas, rediscovered and incorporated into their theories remnants of Parsonian systems theory. Over time, critical theory began to lose its connections to the empirical world, and failed to keep up with the specificity of the latter's transformations. It tended to become a form of abstract theory, pursued largely for its own sake, or frequently to make debating points.

Other theorists sought to respond to the events of the 60s by reinvoking theories of social movements, with an emphasis on the mobilization of resources that could be used to change social and economic policies; the failure of student protesters and their academic leaders to change social policy would now require systematic, organized and disciplined action to mobilize support.²⁵ Their focus was on methods and strategies rather than on a movement's purpose, as was the case of the labor movement.²⁶ Others addressed their attention to analyses of past revolutions in England, France, Russia and China, seeking to find the common denominators of successful revolutions.²⁷ Neo-Marxian urban sociologists reinvented Marx as an urbanologist, despite the fact that Marx had nowhere analyzed the city in relation to capitalism.²⁸ Others built on the older Chicago School-style sociology, in the direction of what Hans Gerth called milieu sociology, the study of selected social settings as well as the figures within those settings.²⁹ These sociologists studied the racing game, female telephone operators, airline hostesses, the tea-room trade, the sexual life of homosexuals in the city, nude bathers on California beaches, collegiate basketball players, and gay and lesbian lifestyles. In such studies, the object of research seems to begin and end as an exercise in autobiography, wherein the purpose of research is an effort to either come to terms with oneself, or to advance a career: this suggests that the social vision of sociologists became bound by the investigators' personal subjectivity. Later still, some of the 60s radicals rediscovered democracy, Toqueville and civil society, returning to earlier 18th and 19th century conceptions of liberalism in a time when mass institutions, the bureaucratic state and the intervention of the media into the democratic process had already revolutionized traditional democratic processes.³⁰

²⁴ See Harry Dahms, "Democracy and the Post-Enlightenment: Lyotard and Habermas Reappraised," *The International Journal of Politics, Culture and Society*, Vol. 5 No. 3, pp. 473-510, Spring 1992.

²⁵ For a critical discussion of the new wave of social movements theory, see Frances Fox Piven and Richard A. Cloward, "Collective Protest: A Critique of Resource Mobilization Theory" and Margit Mayer, "Social Movement Research in the United States," both in *The International Journal of Politics, Culture and Society*, Vol. 4, No. 4, Summer 1991, pp. 435-480.

²⁶ For an examination of the place of social movements in the social order, see Stanford M. Lyman, *Social Movements: Critiques, Concepts and Case-Studies* (1995, New York: New York University Press).

²⁷ In terms of intellectual genealogy, Barrington Moore, Jr.'s study *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (1966, Boston: Beacon Press), was the lineal ancestor of a new generation of studies of revolutions that seems to have begun with Theda Skocpol's *States and Social Revolutions* (1979, New York: Cambridge University Press).

²⁸ See *Comparative Urban Research*, Vol. VI, Nos. 2, 3/1978, for a debate "Marx and the City: A Symposium edited by John M. Goering" for the conundrums and ambiguities facing neo-Marxists when they attempt to make Marx a foundation for a new urban sociology. In his essay in this issue, Joseph Bensman notes, "[The] emphasis on arriving at an epistemologically 'correct'...Marxist position is simply an attempt to create additional epistemological barriers between theory and research: epistemological articulation becomes the substitute for confronting the reality of cities." (p. 70)

²⁹ "The Relevance of History to the Sociological Ethos," in Hans H. Gerth, *Politics, Character and Culture: Perspectives from Hans Gerth* (ed. by Joseph Bensman, Arthur J. Vidich and Nobuko Gerth, 1982, Westport, CT: Greenwood Press, Ch. 14, pp. 190-198). Also Hans H. Gerth, "The Development of Social Thought in Europe and America," in *The International Journal of Politics, Culture and Society*, Vol. 7, No. 3, Spring 1994, p. 528 et. seq.

³⁰ The older discussions of mass society that had focused on the rationalized organization of modern life and its consequences for the isolation of the individual in the midst of a bureaucratized and urban society have given way to a search for civil society. Frequently overlooked in this search is that many relations are reduced to rational agreements, self-interested involvements and contractual associations defined by participation in large-scale organizations. At times the term civil society is simply used as a catch phrase by pure theorists who make little or no effort to examine what its content might be.

Many of these approaches to sociological theory have become sectarian ideologies: quests for personal secular salvation and a vanguard class to lead their followers out of confusion. Still carrying out their '60s idealism and belief in the perfectibility of society, and often of the self as well, some theories move their idealist vision away from political activism - the site of their earlier failure - to more limited theoretical formulations and life styles, which they now offer as models for social and/or personal redemption. These include exercise cults, diet fads, health supplements, physical fitness activities and self-examination of one's emotions and psyche. Others claim to be "normative" sociologies, apparently committed to re-making the world from within the classrooms of universities. Some sociologists have recanted the idealist political radicalism of their youth to become Reaganites and neo-conservatives, or in the current vernacular, Newtoids.³¹ Many of these neo-Marxist and other theories not only depart from the materialism of Marx, but they return to the idealism of Left-Hegelianism, to religion, and at times to the symbolic idealism of Talcott Parsons and George Herbert Mead.

More recently, a plethora of lifestyle and moralistically grounded theories have been introduced within the community of academic intellectuals. Feminist and masculinist theories have activated a war between the sexes in the universities, and in some cases have used gender as an axis for the reinterpretation of history. Similarly, "queer theory" rejects past economic and social theory, claiming that it has failed to account for homosexuality as the decisive anchorage point of all social theory.³² A variety of theories, mainly imported from France - constructionism, deconstructionism, post-modernism, etc., has provided the raw materials for endless debate and academic warfare within university departments of history, literature and sociology.³³ They have focused on the social construction of reality, and elevate into a methodology the words "discourse" and "narrative," as if words alone have a consequence. When it is assumed that the text itself is the only empirical reality, the analyst is freed from the burden of attempting to comprehend the complexities of the world's changing institutions. Undefined with reference to what it is purported to represent, postmodernism seems to be a reality primarily for academicians within universities, that is, it is an inbred intellectual movement confined to debates about words, but not the deeds, of politicians, generals and businessmen. The recent advocacy of a new communitarian civic morality by some sociologists, and the reopening by others of the question, Whose Keeper? are reminiscent of the earlier religious covenants of the Protestant sects, within which each believer was the moral keeper of the other in a community of the like-minded. However, when such theories are posited as a secular faith, they implicitly call for a cultural revolution, or else they only serve as a basis for vague policy suggestions to political leaders.³⁴ If the former, they come close to being authoritarian political solutions.

³¹ David Horowitz and Peter Collier, onetime radicals and editors of Ramparts, come to mind here. They now edit and write for the periodical Heterodoxy, which they founded and which is dedicated to exposing the "dangerous" silliness of contemporary campus leftism in all its politically correct expressions.

³² See Steven Seidman, "The End of Sociological Theory: The Postmodern Hope" in *Sociological Theory*, 9:131-46, 1993, and for the definitive critique of queer theory, see Guy Oakes, "Straight Thinking about Queer Theory," in *The International Journal of Politics, Culture and Society*, Vol. 8, No. 3, Spring 1995, pp. 379-388.

³³ The culture wars within the universities have become a publishing industry in their own right. Despite the usual hermeticism of ideological debates within universities, the culture war has penetrated into the mass media, and its conservative spokespersons' positions have been partly appropriated by politicians and Beltway think tanks. For a trenchant analysis of the culture war ideologies, see Camille Paglia, "Junk Bonds and Corporate Raiders: Academe in the Hour of the Wolf," *Arion*, Third Series, 12, Boston University, 1991, pp. 139-212.

³⁴ Even worse, such efforts may be no more than quasi publicity stunts designed to bring attention to the professional association and some of its status-aspiring members. The following news item in *The American Sociological Association's* publication, *Footnotes*, February 1995, p. 3, seems to take pride in the contributions sociologists can make to the production of political propaganda:

The Washington Post reported on a special dinner President Clinton hosted at Camp David for "big thinkers." The purpose was to ask their input for the State of the Union address on issues of civility and citizenship. Attendees included

Like the Protestant Reformation, myriad sects have burst forth among sociologists. All discover their own truths and forms of redemptive activities, and they frequently conduct intellectual wars with one another to confirm their own theoretical righteousness.

An emergent perspective in economics came to be rational choice theory, largely derived from game theory, based on mathematical assumptions applied to human behavior. This theoretical framework has now made its way out of economics to invade all social science fields.³⁵ Rational choice theory assumes that people know what they want and act rationally to achieve it; the attributes of actors are deduced from postulates about a theoreticized social organization. It takes as axiomatic that principles of political economy are universally applicable, without regard to emotions, habit, precedent, custom or culture. Arguing in the name of science that the rules of the "game" are applicable everywhere, it eliminates history, and advocates social and economic policy without regard to the specific dimensions of the class structure and sources of social conflict within it.³⁶

The ahistoricity and abstractness of rational choice theory leaves the practical problems of economics to free market theoreticians.³⁷ According to this ideology, the laws of supply and demand provide the corrective mechanisms for the continuous growth of the economy, and ultimately provide benefits for all. Known as supply side economics, this reversal of Keynesianism that one wing embraces, did not and cannot work, nor has it been unambiguously applied. Its application during the presidency of Ronald Reagan was less a test of supply side principles than it was an unregulated and unmanaged application of Keynesianism. It resulted in the addition of several trillion dollars to the national debt; this was "supply side" Keynesianism that on a grand scale subsidized the finance industry and businessmen by governmental borrowing. Supply side economics contradicts the realities of at least the last hundred years, both of the framework of the welfare state, and of a state in which governmental, corporate and military bureaucracies are strong constituent elements. These latter-day neo-liberal models of capitalism, which are referred to politically as conservatism, define state ownership as irrational, government as suspect (except for its potential value in legislating "family values" as defined by political neo-conservatism), privately owned companies as the source of the greatest good for all, and the individual as the essential unit of the polity. This myopic neo-liberal economic perspective overlooks in its application its social implications: the market alone, as a form of providence, operating under the hidden hand (of God), cannot explain let alone correct its social and economic consequences. Keynes already understood that economic policy needed to make provision for the working and underclasses in order to achieve some social equity. Rational choice theorists assume that the individual is in a position to maximize utility by his or her personal choices, and free market theorists claim that the market makes

sociologists Theda Skocpol, Paul Starr, Os Guinness, and Alan Wolfe. If you listened to the one hour and twenty minute speech last January 24, perhaps you caught phrases such as "supporting the middle class and reducing the underclass" which just might have come from this dinner.

This seems to represent the debasement of scholarship as a form of public relations and the incorporation of the academic intellectual as a celebrity.

³⁵ An early version of this perspective applied to the social sciences was that of Kenneth W. Arrow, *Social Choice and Individual Values*. Its application in sociology is illustrated by James S. Coleman, *Functions of Social Theory* (1990, Cambridge, MA: Harvard University Press).

³⁶ For a critique of rational choice theory, see Donald P. Greenwood and Ian Shapiro, *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science* (1994, New Haven: Yale University Press). I am indebted to Ellen K. Coughlin's essay "How Rational is Rational Choice: Disputed Economic Approach to Social Problems Faces Challenge that Could Be Most Damaging Yet" in *The Chronicle of Higher Education*, Dec. 7, 1994, p. A8 et seq. for this summary of rational choice theory.

³⁷ Milton Friedman and students he trained at the University of Chicago were the disseminators of these ideas to economic departments and public officials around the country and ultimately, with disastrous results, to Russia and Eastern Europe. They have their modern origins in the writings of Friedrich A. Hayek.

these choices available to the individual. These latter conceptions, when applied, ignore the potentially irrational political responses of the underlying populations of the world to their economic deprivations.

Some Gaps in Social and Economic Research

A deep hiatus exists between the research of pre-World War II thinkers and contemporary social and economic theory. This hiatus originated during the Cold War, when much of social science consisted of abstract theory, conceptualizing the works of earlier thinkers, or of polemical attacks on a poorly understood establishment and its equally poorly understood policies of repression, oppression and bureaucratic management. During the halcyon days of the Cold War, many assumed that the world was undergoing an inexorable process of modernization, development, industrialization and democratization. It was thought that the problem of economic depressions could be regulated, that the middle classes were to have unlimited opportunities, that minority and racial groups would be incorporated into a consensual society, and that the social system was an integrated totality. This was a world framed by an almost universal acceptance of the Cold War ideology of anti-communism and its correlative, the national security state.

Throughout the Cold War, the central planning machinery and administrative apparatus put into place during the New Deal was redirected to the planning and administration of military preparedness under a societal crusade to confront communism wherever it appeared. After 1949, when the Soviet Union acquired the atomic bomb, national security interests overwhelmed other social and economic choices. The existence of the enemy eliminated the need for alternative theories, and by the same token, the later collapse of the Soviet Union made obsolete the ideology of anti-communism along with the social theories supporting the ideology.

The beginnings of detente in 1956, at the summit meeting between Eisenhower and Krushchev, was not just a recognition that a nuclear war could not be won by anyone.³⁸ It was also the beginning of the end of the utility of anti-communism as a national ideology. From that time on, in fits and starts, the Soviet Union and the United States sought to find a means to a mutual accommodation to prevent a nuclear war, but because of paranoid suspicions of each other, they never quite succeeded. Hence the image of an evil empire could still be evoked in the 1980s, when President Reagan found it expedient to do so in order to gain approval for extraordinary military expenditures. But President Reagan's reactivation of the Cold War also acknowledged that there was no other ideology at hand to replace it. A problem for political management in the United States since 1929, when belief in the free market collapsed, is that it has had nothing but negative ideologies to replace that of the free market. To fill this gap World War II provided fascist enemies, just as during the Cold War the Soviet Union provided us with a communist enemy. Essentially negative or anti-ideologies, both World War II and anti-communism lost their utility when the enemy no longer existed.

The collapse and dismemberment of the Soviet Union, leaves an ideological vacuum that for lack of alternative ideas has been filled by a return to the ideologies of 19th century free-market laissez-faire capitalism. This return to a pre-1929 ideology on a worldwide scale speaks to a lag of ideas in relationship to the global social changes of the past 50 years. According to this contemporary version of the free market, market forces limit political options and policies of economic intervention. However, this perspective ignores the relationship between global processes and the internal dynamics of a nation's politics and class relations, which are - or

³⁸ See Guy Oakes, *The Imaginary War* (1994, New York: Oxford University Press), Ch. 5, "The Antinomies of the Cold War Culture," for a description and analysis of the intellectual reasoning that brought Eisenhower to conclude that in a nuclear confrontation there could be no such thing as a military victory.

should be - vital factors in the formulation of economic policy. Perhaps one of the most frightening aspects of free-market and privatization ideas is their disregard of the relationship between global forces, and the limitations and constraints they place on the formulation of the domestic policies of nations.

The above description of the current state of social and economic theory points to the inadequacy of the prevailing methods for describing and analyzing current political, economic and social realities, whether seen from the political perspective of the left, liberal or right. The foremost task facing social theory and social science today is to create theories and models that enable viable description, research and analysis of contemporary social realities. With this in mind, here are a few of the specific features of the present situation that ought to be taken into account by analysts and interpreters:

1. The rise of the post-World War II welfare state under Keynesianism and America's affluence and expansiveness from the late 40s through the late 60s, created expectations that can no longer be fulfilled. There are now extreme pressures on the resources needed to meet the costs of the welfare state: the carrying costs of national indebtedness; the severe limits on the human-resources and budgetary capacities to underwrite the social, political and economic stabilization of Eastern Europe and Russia; and above all, constraints on the ability to control and manage the civil wars and social disorganization erupting in countries throughout the world.

2. The worldwide economic costs of the Cold and Vietnam wars, the double-digit inflation of the 1970s, economic stagnation in both the United States and other nations, and new forms of technological unemployment, have had two major results. One is a failure of economic expansiveness, leading to a declining standard of living among blue collar and middle class workers, and abandonment of the promises of the welfare state and the war on poverty. The other is the unleashing of expressions of dissatisfaction, discontent, rage, resentment and irrationality in significant sectors of populations - especially urban and suburban populations - everywhere in the world. However, these middle groups, whose social privileges and rewards in income, position, profession, occupation, leisure and medical and retirement benefits were secured during an earlier period, cannot now be thought of as a unitary group. They are continuously subdivided into smaller and smaller segments at various skill, occupational, industrial and agricultural levels, and even further by ethnic, racial and regional variations. Where earlier it might have been possible to formulate social policies to cover the middle classes as a single segment, this is no longer possible. The same policy - e.g., health care - may affect the different segments in opposite directions. Therefore, from one point of view, what is thought to be a rational policy may have irrational consequences for lack of an adequate understanding of the class system.

3. The abandonment of the Bretton Woods agreements by President Nixon in 1970 signalled both the loss of United States economic leadership, and the end of the dollar as a measure of value for the world's currencies. This failure of economic leadership, and the corresponding rise in economic power of OPEC nations and deregulation of financial markets, has resulted in the potential for constant crises in international currency transactions and the world's banking and fiscal systems. The replacement of Bretton Woods by the G-7 countries, and those countries' efforts to reach a General Agreement on Trade and Tariffs, and later on an International 120 Nation Trade Agreement, so far have not resulted in any consensual agreements on an organized trade and tariff system for the world. Significant and potentially disruptive disagreements remain between nations regarding interest rates, monetary policy and issues relating to the national security industries of aerospace, nuclear energy and semi-conductors. Since no one or two powers any longer control worldwide industry, technology, financial values or trade, all disagreements in these areas among nations are open for review and negotiation without the benefit of a referee or arbitrator.

4. The global arms race between the United States and the Soviet Union led to a dispersion of advanced technology in atomic explosives, ballistic weaponry and the means of chemical and bacterial warfare. This military globalization remains in place even though the military hegemony once enjoyed by the United States is no longer secure, and arms control agreements negotiated earlier are now open for renegotiation among a much larger number of political leaders in both small and large nations.

5. The invention of atomic and hydrogen bombs and the application and spread of nuclear fission for the production of energy have created technologically unsolvable problems for the control and/or disposal of bombs and the irradiated byproducts of nuclear energy facilities, especially plutonium. These byproducts of the Cold War, unarguably a result of the greatest technological error of 20th century civilization, remain deployed in the form of warheads and highly volatile forms of undisposable nuclear waste that are regarded by some as marketable commodities. So far solutions to these issues have remained at the level of public relations.

6. Economic globalization places new pressures on the middle class, intensifying their political volatility, and it raises new questions about their potential for embracing irrational political solutions to their economic problems.

7. The breakdown of the symmetry of the Cold War international order has led to the resurgence of ethnic separatisms and other forms of tribalism. It has stimulated a search among the world's populations, not only in the collapsed societies once dominated by the Soviet Union, but also in many other nations - including the United States - to find new principles for giving order and meaning to life. Frequently, the answer to this search has been found in religious fundamentalism, and nativist and xenophobic movements that provide new opportunities for political leaders.

8. The instability of political leadership in all Western democratic nations exists in even more exaggerated form in Eastern Europe and other countries of the world. In the so-called Third and developing worlds, new religious, ethnic and political movements under charismatic and pseudo-charismatic leaders teach us again the meaning of organized irrationality and the weakness of political leaders. The stability and confidence of American leadership during the Cold War has given way to a period of confusion and uncertainty. The contours of the new world have not been grasped, even as leaders contrive to value those elements of the civilization which they were brought up to believe in, leading men of strong convictions to lose a capacity for rational discussion as a way of reaching solutions to problems. Many leaders seem to have lost their grip, and can no longer sustain the purposefulness, self-confidence and faith that reasonable solutions can be found for vexing problems. The weakness of political leadership within nations is partly a result of the demands for privilege made by organized interest groups, and partly disenchantment with democratic governments on the part of the masses.

In order to compensate for internal political weakness and paralysis, governments have recourse to economic nationalism and protectionism, while the "logics" of internationalized capital has provided businessmen with the opportunity to assert a dominant voice in foreign and domestic affairs. Yet this voice is that of the means-ends rationality of the firm, and not that of the rationality of a larger public interest. The irrationality of the rationality of free-market choices hangs like an unexploded hydrogen (maybe even neutron) bomb over the population of the world.³⁹

³⁹ I have drawn some of these points from John Saxe Fernandez' perceptive essay "Globalization: Processes of Integration and Disintegration" appearing in *The International Journal of Politics, Culture and Society*, forthcoming in Vol. 8, No. 3, 1995. In that essay, Professor Fernandez provides the beginnings of a prescient, descriptive and analytical framework for a theory of late 20th century world organization in relation to the domestic problems of nations.

Some Starting Assumptions for Research

If social and economic analysts used these issues as starting points in their work, what might be the basic dimensions of their theoretical models? This question does not imply that it is possible to conceive of a total or definitive theoretical paradigm, not only because ongoing worldwide changes can only be understood after the fact, but also because the complexities of the world's social and economic relations defy total understanding, despite such claims as may be made by those computer models of reality which presume in advance to know relevant variables: in this respect, computer "realities" are another form of illusionism, if not delusionism. Even a multi-disciplinary collective effort can only produce ongoing interpretations, embodying a theory which is not only always emergent, but that requires continuous modification. These are some assumptions for such a model:⁴⁰

1. Microscopic and macroscopic research should take place within the framework of a conception of a worldwide economic "system" which includes not only the United States and the Western industrialized nations, but also Eastern Europe, Asia, and the so-called Second and Third Worlds. A primary focus would be on the relationship among international finance, currency speculation, the credit system, and industrial and agricultural production. The term "system" means only the possibility of consequences occurring in one area as a result of actions taken in another. It does not necessarily mean national planning or consensual agreements between agencies, although these would be included in the idea of a "system" of effects.

2. No one nation is likely to dominate such a fluid system, and the center of power among nations may shift from one to another nation or group of nations. Uneven distribution of political and economic power will exist between nations; such differentials in power are an intrinsic feature of international relations and a rational understanding of them is never guaranteed, introducing the possibility of leaders miscalculating and misjudging the intentions of other leaders and thus making misguided decisions.

3. Patterns of economic strength among nations will change over time, and may alter the centers of power within blocs of nations. It is likely that no one nation will retain dominance within a bloc for long. The vicissitudes of economic ascendance and descent among nations can include natural catastrophe, the failure of political leadership, internal social chaos and many other factors as well.

4. Political stability within a nation, as well as the ability of that nation to assume leadership vis-a-vis other nations, will be determined by its capacity to solve its own basic economic problems. This means maintaining and increasing its productivity and employment and providing the economic motivation to accumulate and invest capital efficiently in productive enterprise (as distinct from investments in money markets only). The inability to achieve such goals is likely to result in economic or political destabilization, and lead ultimately to demands for totalitarian stability. However, the political need for enough economic growth to satisfy expectations comes into conflict with its negative environmental consequences, which poses an as yet unresolved choice between growth and environmental peril. This dilemma suggests the need for a re-ordering of the world's system of material distribution, as well as replacing consumption emulation as the standard for status and prestige distribution.

5. The continuous and inexorable thrust towards greater and greater technological efficiency aimed at the reduction of labor costs at both domestic and international levels, operates to create new forms of unemployment and underemployment. Methods of technological cost-cutting by business enterprises must be countered with compensatory mechanisms that not

⁴⁰ The following discussion is taken in part from Joseph Bensman, "The Relevance of Emil Lederer's Ideas..." *op. cit.*, and has been revised and expanded to include more recent events.

only protect the displaced working population, but also provide for sharing the benefits of new industrial efficiency with the community at large.

The failure to find rational solutions to the irrationalities of the world system is likely to lead to deeper social and political irrationalities. Some of these irrational possibilities may be described as follows:

1. Failure to maintain existing and expected standards of living as defined by the promissory notes of the Cold War period's capitalism and socialism, and by the newly proclaimed panaceas of the free market and privatization, gives rise to discontent and dissatisfaction, and to forms of irrationality that destabilize regimes. This opens up the possibility of - and in some cases brings about the reality of - new forms of charismatic and pseudo-charismatic leadership, irrational movements and new revolutionary regimes.

2. Opportunities for carrying out successful revolutions can lead to the institutionalization of economic irrationality. However, successful revolutionaries also face the problem of providing material resources and economic benefits for their underlying populations, and doing so requires the rational administration of polity and economy. Failure to solve the problems that provoke revolutions may give way to totalitarian regimes that persist on the basis of limited political repression despite their inability to solve the problems.

3. Political, religious and other forms of irrationality exist as permanent features of highly industrialized societies. Rationalized political, economic and other institutions may fail to meet the emotional needs of their underlying populations. Such failures may be due to an inability to satisfy common human emotional needs, to satisfy material needs, or to fulfill the expectations promised by prevailing ideologies of the system: past promises of regimes form a residue of future expectations for which a leadership is held responsible.

4. Irrationality may have other sources. Dislocations and disruptions caused by urbanism or too-rapid industrialization and economic expansion, can also place excessive demands on political institutions. In addition, some irrationalities are a constituent part of modern society and are institutionalized in the mass media, political propaganda, and in the arts, entertainment and religion: as a permanent part of modern culture, they serve to absorb or deflect some forms of discontent, hostility, rage or resentment. However, they become a problem when they are perceived as irrational, and hostility towards them becomes intense and uncontrolled - or controlled for totalitarian purposes. Populations can be controlled by the rational manipulation of irrationality only by those who have at their disposal the material means and the resources of propaganda.

5. The state itself may routinize irrationality by rationally using irrational appeals as a cover for political and bureaucratic dominance, and as a substitute for its failure to provide a sense of wellbeing to the underlying population. Such forms of routinized irrationality include appeals to patriotism and hatred of foreign enemies, as well as scapegoating internal enemies such as foreigners, aliens, criminals, racial groups, ethnic groups and political enemies. These forms of irrationality can be supported by the force and power of the state, and can be routinized in regimes that fail to solve economic problems and fulfill promised expectations. Legitimacy - the voluntary acceptance and belief in a social system - is then sacrificed to maintain political privilege and bureaucratic control at all costs, despite the long-term and inevitable resistance on the part of the masses to their subjugation.

In modern society, two opposed principles are apparent and in tension with each other. The first is the need in all advanced complex industrial societies for the rational organization of industry, technology, administration, and its political and other large-scale institutions. That rationality must provide for productivity and the material wellbeing of the world's economically disprivileged populations. But all societies, in order to maintain their legitimacy and coherence, must also meet the basic irrational - that is, emotional - needs of the individual. Failure to meet mundane economic needs intensifies political irrationality, and the failure to meet

emotional needs results in destabilization, demands for absolute solutions, and ultimately, political repression.

So far the dialectic of rationality/irrationality remains unresolved. Existing institutions, ideologies and theories for managing the balance between rationality and irrationality have not worked, but neither have they entirely failed. The promises of the Enlightenment have not been fulfilled, and there is little hope, let alone any guarantee, that they ever will be. The tension between rational organization and irrational needs exists at various levels in all societies, and is a permanent threat to the political and economic stability of the world. The problem of societal destabilization is as much a result of technological change as it is an outcome of greed and systems failure. At some levels failure is purely technical and economic, and at others it is social, political and psychological. Finding solutions is the task of the political and economic leaders, as well as institutional leaders and citizens such as academics and scholars. The unique contribution of scholars and academics may be to pose specific problems, to articulate them, and to do the research that gives substance to their articulation.

EMPIRIJSKA STVARNOST, DRUŠTVENA I EKONOMSKA TEORIJA: NEKOLIKO POLAZNIH PRETPOSTAVKI ZA ISTRAŽIVANJE

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Rad započinje razmatranjem odnosa između ekonomske i društvene teorije, pri čemu autor naglašava paralelizam u konceptualizaciji društvene racionalnosti i iracionalnosti. U nastavku, autor razmatra poslijeratni razvoj društvenih znanosti i izrastajuću teorijsku fragmentaciju, koja je uzrokom brojnih nedostataka u tumačenju političkih, ekonomskih i društvenih fenomena. U zaključku, autor izlaže niz analitičkih naputaka za konstrukciju novog ekplanatornog modela u sociologiji.