

COLLAPSE OF EXPLANATORY SYSTEMS?

The 1930's are remembered for the collapse of existing economies and the consequent growth of fascism as well as new forms of Government control over the economy. It is also remembered for an entire new breed of social sciences that grew up to explain the new social realities which the depression brought in its wake. The economic crisis resulted in the collapse of the conventional explanations of economics, sociology and other social sciences in explaining the calamitous collapse of the system. Both valid explanations as well as new remedial actions and suggestions were not forthcoming from the traditional sciences. With this background entire new approaches in the social sciences arose to explain the new social reality. What are today the standard explanatory systems in Western social sciences, Keynesianism in economics, Parsonian sociology and structural anthropology were results of the crisis and attempts to give new explanatory systems.

The current crisis has resulted in a similar collapse of explanatory systems as was evident in the 1930's. With both stagnation and inflation together with high unemployment being characteristic of many present day western economies the antidotes which Keynes provided in the 1930's are being found to be increasingly unworkable. The quandry in the industrialized market economies was clearly expressed by the *Washington Post*. "The trouble now is that we are not dealing simply with 1951's inflation or 1958's recession, but with both of them together and the cure for each aggravates the other", or by Japan's *Current Affairs Analysis* "To curb inflation is to create depression; to avoid depression is to increase commodity prices. Thus the current Japanese economy is in a state of self contradiction and dilemma".

Because of the breakdown of the explanatory system, a new jargon has arisen to describe the apparent unique contradictions of today's economic malaise. Thus according to the conventional wisdom both economic stagnation and inflation should not occur together, but it now does; and has given rise to the concept of "stagflation". Similarly a perverse combination of a slump and inflation exists today and a new word "slumpflation" has been created. Unemployment is supposed to slow inflation but it is not doing much in this direction and so yet another new term "unempflation".

With the collapse of explanatory systems and with statesmen running around in circles searching for new solutions demands have risen for "new explanations".

Thus the influential American economist John Galbraith, who had served in advisory functions to many U.S. Governments proposes this in his latest book *Economics and the Public Purpose*. In this book he has consigned existing economic theory and policy to "a museum of antiquities" and would replace them with new theories and new policies. The sun, he says, has set in on the whole structure of thought associated with the text-book doctrines of the Western economic establishment and a very large number of young economists are in revolt. His view is that economic theory is today non-functional and that the major problems of modern economy are barely mentioned in this literature.

Geoffrey Barraclough the distinguished British historian and commentator again points out that with both recession, inflation and high unemployment being characteristic of many present day western economies the antidotes

which Keynes gave in the 1930's has now collapsed. "The current economic theory has no answer to this problem at all" he states. With the present collapse of the explanatory systems he suggests "what we need is a new Keynesian revolution to get neo-capitalism out of its mess".

In the other social sciences Gouldner in his widely read book *The Coming Crisis in Western Sociology* points out that western sociology arose in the 1930's and 1940's as a response to the economic crisis. Under his analysis the dominant form of western sociology grew out of a circle of conservatives at Harvard University who began to stress the importance of moral integration of society at a time when this basis of order in society was being questioned as a result of the deep crisis of the depression. The resulting body of thought was a kind of 'sociological Keynesianism' arising out of the same crisis from which Keynesianism gained acceptance. The new economic crisis has seen a fresh breakdown of the 'moral integration' of western societies and social "unrest" is increasingly prevalent.

As the economic crisis deepens and as both statesmen and academics grope blindly around to explain and control what is happening new explanatory systems are bound to occur. As a response to this one sees another echo to the 1930's namely a remarkable revival of marxist thought in centres of Western academia. These include the persons whom Galbraith refers to "as the economists in revolt" and what Gouldner indirectly uses as a reference point in his book. One sees also a new growth of ideologies of the far right especially from persons like Friedmann and Greenspan of the U.S., a cry back to the growth of fascist ideologies in the 1930's.