

**MODERNISM AND POSTMODERNISM: A DIALECTICAL ANALYSIS**

**BY**

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## INTRODUCTION

Postmodernism addresses the fragmented nature of meaning arising from discursive processes. This chapter takes a process approach to postmodernism itself, seeing it, not as an end-state, but as being itself part of a discursive process. The 'post' in postmodernism is thus taken seriously as referring to the temporal framework of discourse. The premise is that modes of thought in economics, or any discipline, arise from the wider cultural/political/technological context, so that the focus is on broad trends; this approach is not incompatible with 'moments' of reaction, which may be part of the engine for change in thought.

It will be argued here that postmodernism evolved out of modernism as the antithesis of modernism's thesis. Postmodernism is also antimodernism; it will be argued that postmodernism has carried forward modernism's dualism and it is the consequences of this dualism which are driving thought beyond postmodernism. In other words, just as implosion is immanent in modernism, so implosion is immanent in postmodernism. Already apparent in postmodernism is evidence of a transition to the next, synthetic, stage which goes beyond the dualism of modernism/postmodernism.

The argument will be introduced first in terms of monism and pluralism, where monism is understood as the ideal of unity and pluralism the ideal of plurality (see Salanti and Screpanti, eds, 1997, for a discourse on pluralism). Modernism's monism will be depicted as giving way to postmodernism's pure form of pluralism, which in turn is giving way to a modified form of pluralism which transcends both sides of the previous dual. In the following section, the argument is made more generally for a dialectical interpretation of this process. Finally, the process is put in historical context by suggesting comparison with earlier periods in which ideas may be seen as evolving according to a similar process: the period of the Scottish Enlightenment, with its influence on Smith, and the period immediately following World War I, with its influence on Keynes.

I am conscious, in the process of presenting this argument, of employing categories which may be regarded as incompatible with postmodernism. The notion of broad sweeps of thought may smack of modernism. Also I shall refer to modernist, postmodernist and synthetic thought as entities, in spite of their obvious diversity, in order to emphasise the key elements in common which allow us to construct these categories. Indeed attitude to singularity and plurality will be a key distinguishing feature. I shall employ the categories of ontology, epistemology and methodology in the discussion of pluralism, categories which many postmodernists may regard as inadmissible. But there is no escape from using some set of categories. The best we can do is to be aware of the particularities of the categories we are using and be clear in explaining which approach they belong to. My approach in this chapter is the synthetic approach which it is partly the purpose of this chapter to explain.

## PLURALISM

Identifying different strands of discourse in thought has become confused by different usage of common terms. We focus here on the term 'pluralism', which is associated with postmodernism, but has been employed increasingly outside postmodernism. Not only does it have different meanings depending on the mode of thought employed, it has different meanings depending on the level of analysis: ontological, epistemological, methodological or method. In what follows we attempt to distinguish between these levels for each of three modes of thought: modernist, postmodernist and what I shall call for want of a better term 'synthetic'. (This approach could also usefully be termed 'political economy', but a concern with political economy as such is not the issue here; but see Dow, 1990a.) The different positions with respect to pluralism are set out in Table 1.

### Vision of Reality

At the ontological level, the *modernist* vision of reality is monist in the sense that reality has an objective existence, and its nature is that there are unifying forces which it is the business of science to discover, and encapsulate in laws. For universal laws to be justified, reality must be understood to be a closed system, precluding the emergence over time of new forces, other than as exogenous shocks. Modernism involves a pervasive application of dualism; in the case of vision of reality, monism is understood dualistically and justified by the presumption that, if there were not unifying principles, then there would be chaos.

The *postmodern* reaction to modernism is completely different in terms of the vision of reality. As Rosetti (forthcoming) explains, the view is taken that there is no essence; meaning is taken from context and conveyed by language. From this comes the view that it is illegitimate to distinguish the ontological level from the epistemological level (see Amariglio, 1990). Thus statements may still be made in the postmodern literature as to the nature of reality, as embodied in discourse. These statements suggest the dual of the modernist vision of reality, most notably that reality is fragmented. Our understanding of reality arising from discourse is thus fragmented (which we shall come on to again at the next, epistemological, level). It is therefore in the nature of reality itself to be fragmented, since reality takes its meaning from discourse. Thus for example Amariglio (1988) discusses the fragmentation of the self. Reality further is understood, through discourse, as an open system, whereby fragmentation and lack of determinism hold the potential to disturb any regularities. While there is a refusal within postmodernism explicitly to distinguish a postmodern position on ontology, as distinct from epistemology, we can nevertheless think of postmodernism as being founded on a particular ontological position, which is bound up with the distinctive position taken in turn on epistemology, methodology and method. Postmodernism thus generates a pure pluralist understanding of reality.

The *synthetic* approach transcends the opposition of monism and pluralism by incorporating aspects of each to create a third vision of reality. The synthetic approach sees reality as being an open system, subject to new and unexplained influences, and evolving in undeterministic ways. But there is scope for a wide range of visions of this economic process; indeed difference of vision is inevitable if the economic system is seen as open, and complex; then there is scope for seeing the essence of the process in very different ways. Marxians, for example, see the

**TABLE 1: PLURALISM IN ECONOMICS**

	<b>MODERNISM</b>	<b>POSTMODERNISM</b>	<b>SYNTHESIS</b>
<b>VISION OF REALITY</b>	<i>Monist.</i> Unifying forces in nature; scope for discovering laws from objective facts.	<i>Pure pluralist;</i> fragmentation of nature. Or deny ontology altogether.	Each school <i>monist</i> ; but open system; regularities rather than laws.
<b>THEORY OF KNOWLEDGE</b>	<i>Monist.</i> Words have fixed meaning; test re facts; only one best way of gathering knowledge.	<i>Pure pluralist</i> No means of comparing understandings No regularities so no schools of thought.	<i>Modified pluralist;</i> open system of knowledge means scope for schools of thought.
<b>METHODOLOGY</b>	<i>Monist,</i> prescriptive. Identifies best way of gathering knowledge. <i>Pluralist,</i> descriptive if can't identify best way.	No role. Or <i>pure pluralist.</i>	<i>Modified pluralist.</i> Can have reasoned debate on different methodologies, by criteria of any one school of thought.
<b>METHOD</b>	<i>Monist.</i> Pluralist if can't identify best way of gathering knowledge.	Nothing to say since no methodology. Or <i>pure pluralist.</i>	<i>Modified pluralist.</i> Range of methods limited by vision of reality and theory of knowledge.

economic process in totally different ways from neo-Austrians, while both may see the economy in open system terms. From openness it follows that no school of thought can be said to presume unifying forces which can yield universal laws. Rather, there can at best be a presumption that reality involves some regularities. Nevertheless, the existence of regularities may be regarded as the *sine qua non* of science. The synthetic approach is thus pluralist in its vision of reality in that scope is seen for a plurality of regularities from which schools of thought may select what they see as the essence of the economic process. Nevertheless, each school of thought is monist in the sense that each has its own, singular, vision of reality. Indeed I define schools of thought according to the particular vision of reality held (see Dow, 1990a), the implication being that different visions of reality cannot be sustained within a school of thought. (From this perspective, the fragmentation of vision in postmodern discourse limits the scope for theoretical development.)

### **Theory of Knowledge**

The theory of knowledge associated with *modernism* is, like the vision of reality, monist in the sense that knowledge is built up with reference to 'the facts', where these facts are objective representations of reality. The words used to convey these facts have fixed, singular, meanings (see Hacking, 1981). The facts are used to identify the universal laws which would reflect the unifying forces of nature. Indeed, testability against the facts is defined as the identifying feature of science. The goal of science is to develop true knowledge; science progresses (unidirectionally) as its stock of true knowledge grows. Further, because the economic system is seen as being closed, a closed system of knowledge is applied to it, modelled on the world of classical mechanics (see Mirowski, 1989).

Again, we can tease out from the composite ontology/epistemology of *postmodernism* a distinctive approach to epistemology. The postmodern approach reacts against the monism of modernism with a pure pluralist theory of knowledge. Since there are no real essences to discover, there is no subject-matter for knowledge other than discourse itself. Within this discourse there is a plurality of understandings and no independent means for comparing them because language is so context-specific. There is no scope whatsoever for classifying any piece of knowledge as true, because of the incommensurability of knowledge among different economists, and by the same economist with respect to different circumstances (see Amariglio, 1990). There is thus no common ground of shared knowledge on which to build schools of thought. Indeed, McCloskey (1994) argues that the use of schools of thought labels impedes conversation. The postmodern approach thus advocates tolerance on the grounds that no one economist can lay claim to the truth.

The *synthetic* approach again employs a modified pluralist position. Starting from the view that the economic system is (to human eyes, at least) an open system, the synthetic approach applies to this system an open system of knowledge. This implies that not all relevant variables are known, or knowable, requiring that any system of knowledge itself be partial. This opens up the scope for different schools of thought to choose to develop different partial systems of knowledge; these systems correspond to the vision of the economic process of each school. The theory of knowledge is thus pluralist in that pluralism of knowledge is entailed in an open

system. Further, the synthetic approach has absorbed from postmodernism the argument that language is not neutral and the reporting of facts not a purely objective process. As a consequence it has inherited from postmodernism a tolerance of alternative systems of economic knowledge on the grounds that none has a prior claim on the truth. On the other hand, the synthetic approach takes from modernism a concern with criteria for good practice in generating knowledge. Thus, *from the perspective of a school of thought*, it is regarded as legitimate to argue for the system of knowledge chosen by that school. But, unlike modernism, there is no presumption that any one school has identified the route to true knowledge.

### **Methodology**

Methodology refers to the system of techniques employed in order to generate knowledge. There has been some confusion generated by using the term 'methodological pluralism' when what is meant is 'pluralism of method'; the latter refers to the methodological choice in favour of a plurality of techniques; this will be discussed below. I shall use 'methodological pluralism' to refer to what methodologists do. As far as the *modernist* approach to methodology is concerned, again the approach is the dual of pluralist: it is monist. Traditionally, methodology was seen as being prescriptive, ie as setting out rules for good scientific practise. Implicit was the notion that it was possible to identify one set of rules as being the best - hence the long-running battles between inductivists and deductivists, for example. But this approach to methodology has lost force, not least because it took its lead from the philosophy of science, which has long since moved beyond methodological monism. Now Blaug (1991 and 1992) is one of the few remaining standard-bearers of traditional methodology in economics.

It is in methodology that postmodernism has had its greatest (or at least its most direct) impact, deflating the confidence previously held in the capacity to identify best practice. Traditional methodology has thus gone through a sea-change by emphasising description over prescription (see for example Weintraub, 1989). But the field gives the impression of being in limbo, with the modernist predilection for rules for best practice periodically being voiced as something which might still come out of all the descriptive work (see de Marchi, 1991). The orthodox methodology approach is thus now predominantly pluralist, with methodologists providing accounts of theorising; but monism, as the wish to return to a single, preferred set of rules, is still evident.

For all the influence of *postmodernism* on modernist methodology, postmodernism does not in fact espouse a pluralist methodology; it denies the role of methodology altogether. This point was made most forcefully by McCloskey (1983). He argued that, once the contextual role of language was appreciated, it would become apparent that there was no role for methodology (by which he meant prescriptive methodology). But of course, as became apparent from the *furor* that he caused in methodological circles, McCloskey could not avoid methodology, even in denying methodology. The sense in which postmodernism also denies even descriptive methodology is that the concept of methodology requires some regularity in techniques for acquiring knowledge. Knowledge acquisition is too fragmented in the postmodern approach to identify methodologies. But even the act of identifying modernism requires the perception of modernist methodology as a regularity; criticising it goes even further down the methodological path. Indeed, Amariglio (1990) explains the difference between McCloskey and most

postmodernists in that the latter explain the implications of modernist rhetoric for its methodology. But it is difficult at times to identify what postmodernists wish to put in its place (see Wendt, 1990). This follows from the postmodern conclusion that an overarching methodology is rendered impossible by the fragmented nature of discourse-based knowledge.

The *synthetic* approach adopts a pluralist approach to methodology, in that methodologists accept that there are no external criteria for arriving at the best methodology. The methodology of each school of thought should therefore be analysed critically in its own terms. However, pluralist methodology derives from a pluralist ontology and epistemology. Just as there is no ultimate objective account of reality in general, there are no grounds for expecting that a methodologist can somehow escape this in describing a plurality of methodologies. For the methodologist, the language used to analyse methodologies is specific to the context and the methodologist's perspective. Pure description is thus not feasible. Any methodologist brings to the analysis some criteria which correspond to a particular methodology. On these grounds the methodologist is equipped for critical analysis, on the basis of these criteria; as these are the methodologist's preferred criteria then the methodologist can engage in argument about the relative merits of different methodologies. It is not a question of whether or not this is desirable; it is a question of it being inevitable. But it is less harmful the more explicit the methodologist is about her starting-point. In contrast to the modernist search for universal criteria, the synthetic approach entails a plurality of criteria, combined with the basis for argument as to the relative merits of different sets of criteria.

## **Method**

*Modernist* economics is generally identified with general equilibrium economics; the unifying method is thus the equilibrium method (see Weintraub, 1985 and Hausman, 1992). Yet mainstream economics has been characterised lately by some degree of fragmentation (see Dow, 1996). This is due in part to the reassurance from McCloskey (1983) that methodology was no longer an issue; although it has to be said that economic practice had not generally conformed at all closely to professed methodology (as Blaug, 1982, demonstrated). Some leading mainstream economists such as Solow (1988) and methodologists such as Boland (1982) have indeed advocated pluralism of method, because of the difficulties involved in theorising about the complexities of the economic system. However, if the ontological and epistemological positions have not changed, then the hope must still be there, as with methodology, that the single best set of techniques will again be identified. Otherwise, pluralism of method lacks foundation and is thus antithetical to the foundationalist approach of modernism.

Because *postmodernism* denies the prescriptive role of methodology, it is consistent that nothing may be said about method. Nevertheless, it can be argued that, implicit in the postmodern critique of the monist modernist general equilibrium method as a means of establishing general laws in economics is an advocacy of pluralism of method. Certainly there is no explicit advocacy of an alternative range of methods, leaving pure pluralism of method as the only remaining possibility. But on what grounds may pure pluralism of method be justified? If reality is indeed fragmented, then there is no scope for identifying any regularities on which to theorise; if the fragmentation is only partial, then the nature of the fragmentation requires explicit discussion. If knowledge is pluralist also in the pure sense, there is no common ground

for discussion among theorists; if it is not purely pluralist, then again the scope for regularities requires explicit discussion. If a pure pluralist position is taken on methodology, again there is no basis for discussion, but further, there are no grounds for preferring something other than the monism of method of modernism. If on the other hand there are grounds, on the basis of agreed views on reality, on knowledge or on methodology (ie departures from pure pluralism), for advocating either pure pluralism of method, or a modified pluralism, then these require discussion.

The *synthetic* approach is consistent with its positions at the other levels by adopting a modified pluralist approach to method as to everything else. Modified pluralism of method is indeed entailed by the modified pluralist methodology. Where an open system form of theorising is advocated, a range of methods is entailed to capture different aspects of the system in a partial manner, which is all that any theorist can aspire to. These methods may well be incommensurate because of the incommensurability of different parts of an open system. The range of methods adopted by any school of thought will be determined by the vision of reality and theory of knowledge peculiar to that school. Thus for example, neo-Austrians might rule out formalism and employ other methods more suited to focusing on behaviour within firms, households and governments. Orthodox Marxians may rule out market analysis as being of minor relevance to their vision, while allowing a limited degree of formalism to represent causal processes in historical time. An open system epistemology allows for, and indeed encourages, debate within and between schools of thought as to the appropriate range of methods. But the starting point is a chosen methodology which is part of what defines a school of thought.

## **A DIALECTIAL INTERPRETATION**

Having characterised modernism, postmodernism and the synthetic approach in terms of pluralism, the next stage of the argument is to make the case that the three can be understood as stages in a dialectical process. The argument to be made is that, just as modernism proved to be unsustainable, so the postmodernism that grew out of it will ultimately also prove to be unsustainable; there is a third, synthetic, approach which can be seen as growing out of modernism and postmodernism and which is sustainable.

Klamer (1988) has referred to postmodernism as representing a 'moment' in the development of economics (see also Klamer, forthcoming). Similarly, Amariglio (1990) and Amariglio and Ruccio (1995) identify points at which uncertainty has been addressed as postmodern moments within modernism. It is, further, noted that attention to pure uncertainty and its implications have been gaining increasing attention of late. Postmodernism entails impermanence, and more generally the rejection of the notion of universal truths. So it comes naturally to think of postmodernism itself in transient terms, rather than itself involving some final truth. It is this feature of postmodernism, however, and the difficulties postmodern economists face in adhering to it, which means that its implosion is immanent, just as it was for modernism.

The first question to address is how applicable the chronology is of modernism-as-thesis and postmodernism-as-antithesis. McCloskey (forthcoming) quite correctly points out the ancient



origins of both; something like modernism and postmodernism have jostled for position over the centuries. Further, the synthetic position also has firm roots in the history of economics (notably in the work of the founder of modern economics, Adam Smith, and the major figure of twentieth century economics, Keynes; we shall focus on the context of their thought in the next section.) Nevertheless, McCloskey argues that the twentieth century can be understood in terms of a particular flowering of modernism and its reaction in postmodernism. It is possible to identify this development in broad cultural terms, within which economics is only a part. (How far it was influenced by external developments, and how much it influenced them, is a different, and large, question.) The implication of this historical perspective is that the dialectic can be expected to play itself out again and again. But we concern ourselves here only with the current dialectic. Certainly the bulk of the postmodern literature seems to identify modernism with the early years of the twentieth century, and postmodernism with developments in the second half of the century (the exact decade varying with the field of enquiry).

To what extent can postmodernism be considered as the antithesis of modernism's thesis? Such a construction requires that postmodernism can be shown to have evolved out of modernism, so that postmodernism contains some elements of modernism and cannot be understood other than as a reaction against modernism, ie postmodernism entails opposition to modernism in terms of particular principles. Klamer (forthcoming) and McCloskey (forthcoming) both refer to the evolutionary aspects of postmodernism. Klamer cites Jencks as noting the technological improvements of modernist architecture being carried forward into postmodern architecture. He then proceeds to list the features of modernism which postmodernists reject. I would argue that it is in this rejection that a key element of modernism is continued in postmodernism: dualism. As Chick (1995) argues, there is a range of reactions open to those who choose not to adopt the dualistic, modernist approach, of which rejection is only one (the others being containment, paradox and synthesis). But of course, rejection is a dualistic reaction. And it is dualism, I would argue, which was unsustainable in modernism, and which will prove unsustainable in postmodernism.

Dualism in modernism and postmodernism can be discussed with reference to the different positions of the two approaches with respect to pluralism. Modernists have a dualist vision of reality: either it conforms to order or it conforms to chaos. The dualist position on knowledge is that there is one best way of observing reality and theorising about it in terms of a closed system; closed systems in turn entail dualism in the concepts of endogeneity and exogeneity, known and unknown, etc. Modernist methodology is dualist: either there are absolute rules for good science, or there are none (in which case methodology can only be purely descriptive). Even the view on method is dualist: either there is one best method, or set of methods, or else any method may be employed.

The discussion in the previous section suggested some ambiguity in the postmodern position on pluralism, which arises in large part from the postmodern view that these categories are themselves modernist. In the case of each level (vision of reality, theory of knowledge, methodology, and method) the position is either the dual of modernist monism in the form of pure pluralism, or it is that nothing may be said. Certainly 'nothing may be said' is something other than the dual of monism. (It is however the dual of the more general position that 'things

may be said'.) But if indeed this second possibility does represent postmodernism more accurately than pure pluralism, then nothing may be said. Full stop.

Herein lies the unsustainability of postmodernism. If the position is one of pure pluralism at any of the levels, then it requires justification in terms of the other levels of analysis. That such justification is required finds support in Klamer's criticism of modernism for lacking a philosophical foundation (see Klamer, forthcoming). On the other hand, if 'nothing may be said', then postmodernism is a purely negative position with respect to any knowledge, and any grounds for action, in general as well as in science. Postmodernism is, as Amariglio (1990) points out, nihilist.

That such a position is unsustainable is evident in the fact that much (and much that is useful) is said by postmodernists. It is for this reason that many postmodernists might not recognise themselves in the above account. In a way this is the point. Discourse is unsustainable if either nothing, or absolutely anything, may be said. Thus, Nelson (forthcoming) offers an account of the way forward for feminist thought, starting from postmodernism but moving beyond it, which is compatible with the synthetic approach being presented here. Further, Milberg (forthcoming) offers a very constructive analysis within international trade theory which advocates a preferred approach which corresponds with what I would identify with the postmodern vision of reality as fragmented and evolving; but Milberg suggests regularities to that fragmentation and evolution which provide the basis for theorising. Indeed this identification of regularities and advocacy of theoretical approach inevitably appear whenever postmodern economists address a particular field of enquiry in economics.

Many postmodernists' work corresponds more closely to the synthetic approach outlined here simply because the professed postmodern approach is unsustainable when it comes to discussions of methodology, theory or method. Just as it has proved very unhelpful for modernist economists not to address the foundations for their theorising, the same applies to postmodernists. To assert, as many postmodernists do, that foundations are irrelevant is to ignore the position on vision of reality, theory of knowledge and methodology implicit in any economic analysis. Since the 'nothing may be said' position removes any justification for analysis, and is in any case itself a foundationalist position, it does require discussion; further, in order for 'things to be said' there needs to be discussion of the basis for such things to be said.

But a return to the monism of modernism is not required in a discussion of foundations; the synthetic position outlined above is well-articulated within heterodox economics. By definition, as a synthetic position, it has absorbed much of what is good in postmodernism: the tolerance of different approaches, the awareness of the need to develop theory within context, the need to encompass human creativity and unknowability into economic theory, and so on. It is also a sustainable position because it avoids the dualisms of modernism and postmodernism (see Dow, 1990b, and 1995). The synthetic position is explicit in non-orthodox schools of thought and is, I would argue, implicit in postmodernist applied economics. It is also possible to argue that it is implicit in much of modern neo-classical economics. As McCloskey (1983) points out, modernists find it impossible in practice to live up to their modernist principles. What is

alarming however is the refusal by most neo-classical economists to recognise the disjunction and its implications (see Dow, 1997a).

There is, further, evidence in other fields of such a move beyond dualism. In chemistry, for example, Prigogine and Stengers' (1984) theory of self-organising systems avoids the order-chaos dual by considering chemical systems as open systems. Then, rather than order and chaos being mutually-exclusive as in orthodox science, chaos is the precondition for order; under certain conditions, chaos generates processes which reinstate order in a new form. Mathematics too has been addressing issues raised by open systems. Fuzzy mathematics (see for example Dubois and Prade, 1980) avoids the dualism entailed in known boundaries of sets. Indeed Chick (1995), in exploring developments in other fields than economics, has argued that there is evidence of a physiological evolution among humans which is shifting the balance between dualistic (left-brain) thought processes and non-dualistic (right-brain) thought processes in favour of the latter. The rise of postmodernism can be seen as early evidence of this change; but, in that it itself entails dualism in its rejection of dualism, it will ultimately be inconsistent with non-dualistic modes of thought.

## **EARLIER DIALECTICS**

It may be helpful in considering the current process of development in modes of thought if we consider briefly two earlier periods when similar processes were at work. The first period we consider here is the period of the Scottish Enlightenment, building up to Smith's contributions to the development both of philosophy and economics. The second is the period building up to the philosophic and economic contributions of Keynes. Both cases are admittedly controversial given the debate over the relationship between the Enlightenment and modernism, and over whether or not Keynes should be regarded as a modernist.

Both periods were characterised by the rejection of authority: in the case of the Enlightenment, Church dogma, and in the case of the early twentieth-century, Victorian values. In the first case, the rejection of authority arose from the social, political and technological upheavals of the emerging Industrial Revolution while in the latter case it was the result of a disillusionment about the inevitability of progress brought on by the experience of the First World War and the shifting disposition of economic and political power. The Newtonian era saw the emergence of rationalism and an increasing faith in the power of science to uncover truth. Similarly, economics at the turn of the twentieth century was in the throes of mimicking classical mechanics in an attempt to portray economics as a science rather than a moral science (see Drakopoulos, 1991). The philosophical reaction among the sceptics in the Enlightenment period (such as Locke and Berkeley) was to point out the severe limits to the scope for rationally-grounded knowledge. Bertrand Russell in many ways can be understood in similar terms at the turn of this century. Both periods were ones of intellectual ferment, not only over particular questions about scientific knowledge, but also about how to ask and answer questions, ie about the foundations of knowledge.

The Scottish Enlightenment was distinctive in a way which is captured in the denomination of the key figures as ‘sceptical whigs’ (see also McCloskey, forthcoming). While Hume and Smith were keenly aware of the limits to certain knowledge, they were driven by practical concerns to theorise in any case, backed up by detailed observation of real historical processes. The aim was to establish some connecting principles as a basis for theory, but it was recognised that these could not be regarded as ‘true’ and that they required careful adaptation in the light of the detail of particular contexts. Fundamental was a theory of the commonality of human nature; but because that nature was social, it manifested itself differently in different contexts. Further, while behaviour was governed to a considerable extent by social convention, it was at times intentional, but even then was often deluded. The theory of knowledge as being limited and social was thus incorporated directly into theory. Smith (and Hume’s) work can thus be understood as conforming to the synthetic position outlined above, reacting against the scepticism of the rationalists. (See Dow, 1997b, for a fuller expression of this general argument).

The characterisation of the early twentieth century is more difficult, in that it is often seen as signalling the beginnings of modernism-proper (see for example Klamer, 1995). In fact, it would be possible to identify elements of postmodernism in philosophy, physics and in literature. But Keynes can be seen as combining elements of what we now know as postmodernism with elements of modernism in a synthesis which belies his characterisation as either modernist (Phelps, 1990) or postmodernist (see Amariglio and Ruccio, 1995, and Klamer, 1995). Keynes came to economics from philosophy, and a concern to establish the basis for action in belief under uncertainty. Like Smith, Keynes appreciated the importance of rhetoric as a vehicle for persuasion in the absence of demonstrable propositions. His discussion of uncertainty, further, countered the deterministic analysis of the orthodox economics of the time. Nevertheless, he proceeded to theorise about decision-making under uncertainty, albeit in a social context, and to draw some generalisations at the macro level. Keynes thus employed postmodern ideas about the nature of knowledge but used them creatively in his analysis of economic behaviour in order to arrive at some explanations for observed regularities. Keynes thus also conformed, I would argue, to the synthetic approach outlined above.

But of course ideas in economics moved on. In philosophy, eighteenth century scepticism turned into a focus on rational knowledge, whatever its scope, as exemplified by the French Enlightenment (see McCloskey, forthcoming). In the case of classical economics, Smith’s approach was overtaken by the formalism of Ricardo which had much in common with modernism. The competing interpretations of Smith to that offered above are interpretations from a modernist perspective (see for example Arrow and Hahn, 1971; see Winch, 1997, for a detailed critique). Similarly, Russell’s scepticism turned into an undue focus on certain, rationally-grounded knowledge, whatever its scope, an approach from which Keynes (1972) explicitly distanced himself in terms of an alternative view of human nature as entailing passion as well as reason. Keynes’s ideas were more clearly overtaken by modernism in a manner which is well-documented (see Coddington, 1976, for example). In the case of both periods, the crucial elements of uncertain knowledge and the social nature of behaviour were squeezed out, allowing a deterministic theory of atomistic behaviour which purported to

demonstrate truth with certainty. It is only in the last twenty years or so that there has been a postmodern reaction to this modernism, and now an attempt at synthesis.

Does this historical experience suggest an inevitable cycle, with modernism or something akin to it repeatedly gaining control? One possible way of addressing this question is to consider that the synthetic approach has been the victim of its own success. When economies and societies are stable (or growing in a stable fashion) then the uncertainty of knowledge, and changes in the social nature of knowledge, assume less importance. Only in times of turmoil, as in eighteenth century Europe, or the turn of the twentieth and twenty-first centuries, do established grounds for belief come under suspicion, and the foundational questions again come to the surface. This is much more than a postmodern moment - it is something which can persist for decades, and requires some resolution. What has been suggested here is that the resolution of the postmodern reaction to the failures of modernism has taken the form of a synthesis which provides for theorising, but incorporating fundamentally postmodern ideas about knowledge and discourse. The argument here is that we are reaching this stage again now and, if the transition to the synthetic stage is to be successful in the sense of not reverting to modernism, it would be helpful for postmodernists to move even further in the direction of constructing new theories, even if this requires abandonment of what were originally the hallmarks of postmodernism, defined by its rejection of modernism.

## **CONCLUSION**

This contribution is offered in the spirit of postmodernism, applying the process-of-knowledge approach to postmodernism itself. Postmodernism represents an advance on modernism with its critique of the idea that regularities in nature could be identified by means of unitary facts, analysed within methodologies conforming to rules of best practice; that the resulting theories had universal application in time and space; and that science necessarily progresses. The result has been a much greater awareness of the inevitability of differing perspectives generating different theories, none of which could lay claim to truth; the need for theory to be context-specific; and the view of science as sometimes taking wrong turnings.

But the contribution has in many ways been a negative one, in the sense that it is expressed as the justification for rejecting modernism. As far as alternative approaches to economics are concerned, postmodernism can be interpreted as saying either that anything is acceptable, or that nothing may be said on the subject. In practice, either has been an impossible position for postmodern economists to take. Postmodernists do make statements, and they do, explicitly or implicitly, express judgements about alternative approaches (to methodology, or theory). In practice, therefore, postmodern economists tend to adopt the modified pluralist position of the synthetic approach which does have an articulated position on vision of reality, theory of knowledge, methodology and method. To build constructively on this synthetic development would be welcome as a way of moving economics forward in a way which might forestall a reversion to modernism.

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