

~~XXXXXXXXXX~~  
ECONOMISTS / MS / Veblen

## 'Radical Individualism' vs. Institutionalism, II:

### *Philosophical Dualisms as Apologetic Constructs Based on Obsolete Psychological Preconceptions*

By PAUL D. BUSH\*

ABSTRACT. *David Seckler*, in his study of *Veblen* and the *institutionalists*, adopted a viewpoint which is a philosophical orientation least likely to enable him to know what *Veblen* and the *institutionalists* "really mean." He accepted a pantheon of philosophical dualisms—e.g., "Humanism" vs. "behaviorism," "normative" vs. "positive"—which *Veblen* and his followers reject, and particularly *Mises's* "methodological dualism" which would make science the study of ideal type individual actions instead of an experimental effort to understand the social processes of "cumulative causation" as they are found in the real world. *Seckler's* reliance on these obsolete psychological preconceptions of "radical individualism" causes him to neglect the powerful normative elements of *Veblen's* work. Yet it is precisely *Veblen's* normative methodology that gives rise to the "institutional dichotomy" in contemporary institutionalist thought.

#### I

#### THE "HUMANIST" VEBLEN VERSUS "BEHAVIORIST" VEBLEN

THE PHILOSOPHICAL POINT OF VIEW that *David Seckler* has adopted in his analysis of *Veblen* and the *institutionalists* (1) is a philosophical orientation least likely to permit him to come to grips with the question of what *Veblen* and the *institutionalists* "really mean." He is completely persuaded by the whole pantheon of classical philosophical dualisms which find their expression in such methodological prescriptions as *Ludwig von Mises's* "insurmountable methodological dualism," the meaning of which is provided by *Seckler* in the following quote from *von Mises*.

\*[Paul D. Bush, Ph.D., is professor of economics, School of Social Sciences, California State University-Fresno, Shaw Avenue at Cedar, Fresno, Calif. 93740.] This paper and a preceding one ("Radical Individualism' vs. Institutionalism, I: The Division of Institutionalists Into 'Humanists' and 'Behaviorists,'" *American Journal of Economics and Sociology*, 40 (April, 1981), pp. 139ff.) are based on a slightly different one presented before the Western Social Science Association, Denver, Colo., on April 22, 1977).

*American Journal of Economics and Sociology*, Vol. 40, No. 3 (July, 1981).

0002-9246/81/030287-12\$00.75/0

© 1981 American Journal of Economics and Sociology, Inc.

JULY

There are phenomena which cannot be analyzed and traced back to other phenomena. . . . Reason and experience show us two separate realms; the external world of physical, chemical and physiological phenomena and the internal world of thought, feeling, valuation, and purposeful action. No bridge connects—as far as we can see today—these two spheres . . . as long as we do not know how external fact—physical and physiological—produce in a human mind definitive thoughts and volitions resulting in concrete acts, we have to face an insurmountable *methodological dualism* (2).

According to the school of "radical individualism," we are required to adopt a methodology in economics that is quite different from that employed in the natural sciences where the phenomena under study can be comprehended in terms of "deterministic" hypotheses. The specific method that must be employed in the explanation of economic phenomena, therefore, is the method upon which Veblen heaped so much scorn, the method of "sufficient reason." As far as Seckler is concerned it is simply a matter of taking a clear and unambiguous position on the question of "free will versus determinism." "Humanists" opt for "free will" and "behaviorists" opt for "determinism."

The methodological question is not the logical rationality of the agent or his volitional abilities, but whether it is or is not necessary to impute some selective or discretionary property to the agent, his "state of mind," and to include these *imputed* (and subjective!) properties in the explanation of behavior. The answer to this, whatever one wishes to call these properties, is inescapably in the affirmative (3) (emphasis supplied).

To the extent that the "behaviorist" attempts to answer this question of imputation in the negative, he is guilty of "scientism"—the fallacious attempt to superimpose the methods of the natural sciences on the study of human nature and social processes (4).

"Radical individualists," according to Seckler, are pure "humanists" in the sense that they are completely committed to following the strictures of the "insurmountable methodological dualism" in all aspects of their analysis of human action. As regards the conception of institutional behavior that emerges from this method, Seckler makes the following observation:

Radical individualism is "radical" because it asserts that all significant human behavior is choosing, purposive behavior. It is individualistic because it contends that all institutions or "social collectives" can be explained in terms of the behavior of individuals *alone* (5).

The "alone" in the last sentence is absolutely definitive and demarks what appears to be an unbridgeable chasm existing between the phil-

osophical orientation of "radical individualism" and that of Veblenian institutionalism. Students of Veblen and Ayres, as well as those of Commons, have always taken the fundamental stance that collective action or institutional behavior cannot be explained solely in terms of postulates on the nature of choice-making activities of individuals. Seckler is well aware of this methodological chasm and brings considerable insight to an examination of it. He believes that the representatives of one point of view must reckon with essential problems posed by representatives of the other point of view, otherwise neither will be able to maintain its claim to validity. Thus, the institutionalists must somehow incorporate the subjective imputation of rational choice into their theory of institutions, whereas the "radical individualists" must somehow account for cultural relativity and how complex social collectives evolve from the "incremental acts of choice by essentially free and rational individuals" (6).

As indicated above, Seckler is sanguine about the possibility of some sort of convergence of these methodological points of view, and he makes an attempt to indicate an approach by which the convergence might come about. In short, it is his proposal: 1) to abandon completely what he calls alternately the "behaviorist" or "deterministic" method of "efficient cause" to which Veblen stubbornly clung; 2) to enthrone the correct method of "sufficient reason" which is the hallmark of "humanism;" and 3) to apply the "humanistic" methodology of "radical individualism" to the problems posed by Veblen. This approach may make good sense to fair-minded and progressive thinking "radical individualists," but it does not appear to be a mode of methodological convergence that would appeal to institutionalists. Furthermore, Seckler offers only assertions that "radical individualism" is really up to the task that this mode of convergence would impose upon it. He is unable to demonstrate, for example, that one can, in fact, build a theory of society from the "incremental acts of choice by essentially free and rational individuals" (7).

The philosophical dualisms upon which Seckler and the "radical individualists" rely in order to pose these issues are, of course, philosophical constructs that Veblen, Dewey, Ayres and all of their students have explicitly rejected. What is the Veblen-Dewey-Ayres response to the question of "free will versus determinism?" "I'll take a little of both, thank you." That response appears to Seckler as being woefully obscurantist. But, it will be viewed as obscurantist only by those who have trained their minds to think in terms of hard-and-fast dualisms which present us with gulfs 'fixed' everywhere we turn. Seck-

ler simply refuses to take seriously the laborious effort that Veblen, Dewey and Ayres have made to free social inquiry from the mind-numbing dualisms of mind-body, objective-subjective, fact-value, free will-determinism, normative-positive, ethics-science, and so forth. They have attempted to jettison these dualisms for the reason that they block meaningful inquiry into the processes of social change.

Seckler is quite correct in his judgment that Veblen rejected both "historicism" and "behaviorism" in searching for an appropriate methodology by which to understand and explain the social processes of "cumulative causation." It is also true that Veblen rejected what Seckler calls "humanism." But Seckler's synonymous usage of the terms "humanism" and "hedonism" poses difficulties for understanding this last point. There are forms of "humanism" that have nothing at all in common with "hedonism." Indeed, most of the "radical individualists" identified as such by Seckler (Robbins, Mises, and Hayek for certain) also reject "hedonism." On the other hand, Veblen must be considered a "scientific humanist," as the term is presently understood in the contemporary literature of the philosophy of science. Therefore, to grant that Veblen does indeed reject what Seckler calls "humanism," is not necessarily the same thing as granting that Veblen was thereby unable to give an account of the role of rational choice in the social processes of "cumulative causation." His rejection of the method of "sufficient reason"—which amounts to a rejection of the synthetic *a priori* in scientific inquiry—did not prevent him from explaining the role of human volition in the evolution of human institutions. The only way such a conception of the limits of Veblen's method could creep into one's thinking is either 1) a sloppy or incomplete reading of his work; or 2) an attempt to read Veblen from the point of view of the pre-Darwinian conceptions of fixed dualistic categories of mind-body, and so forth. Except in one or two instances, it does not appear that Seckler is deficient in his reading of Veblen (8). It is his commitment to the philosophical preconceptions of "radical individualism" that causes him to read Veblen in these terms. The fact that Seckler cannot see any alternative to taking a clear stance on the issue of "free will versus determinism" other than those he defines as "humanism" or "behaviorism" is the result of his inability to comprehend that the influence of Darwin on philosophy was not the enthronement of either "behaviorism" or "determinism," but rather the dethronement of the fixed mental categories of dualistic thought (9).

Interestingly, Seckler's rendition of Veblen's interplay of "tropismatic" behavior with the "instinct of workmanship" and "idle curiosity" would provide a fairly reliable guide to an understanding of the intellectual constructs Veblen employed to develop his evolutionary theory of the social processes of "cumulative causation." Consider the following passage from Seckler's description of Veblen's social philosophy, but note that where the institutionalist might use the term "interplay," Seckler feels constrained to use the term "aligned against." Notice also the imposition of the mind-body dualism in the "causality between thought and action" construct. This is the best evidence that can be offered that Seckler's compulsion to substitute a dualism for a concept of process destroys the usefulness of his otherwise careful reading of Veblen.

The forces of purpose—the instincts, habits of thought, sufficient reason—are aligned against the behavioristic forces of tropisms, institutions and efficient cause. Veblen encounters the basic problem of the causality between thought and action. Briefly, Veblen's theory is that the idle curiosity (thought) creates theories which in turn create technology. The technological mode of the moment imposes a unique discipline on the behavior of those most closely associated with it. From this disciplined *behavior* emerges the characteristic habits of thought of the next stage: the notions of the true, the good and the beautiful of an age. Thus, while thought—the idle curiosity—is the *primum mobile* of Veblen's theory, it only affects action and the prevailing habits of thought at the second remove—through the technology it creates. For this reason Veblen's theory cannot be described as truly deterministic because one never knows what the idle curiosity will create. But it is behavioristic in the strict sense that the technological mode provides a set of unique stimuli (a "discipline") to which both behavior and habits of thought respond in a primarily unconscious and unreflecting way. This is the behavioristic Veblen; it is the predominant Veblen in his formal theory (10).

## II

### THE "NORMATIVE" VEBLLEN VERSUS THE "POSITIVE" VEBLLEN

THERE IS A CURIOUS OMISSION in Professor Seckler's treatment of Veblen, both from the point of view of finding two Veblens under every quotable quote, and from the point of view of drawing contrasts between the fundamental philosophical views of the institutionalists and the "radical individualists." Seckler barely hints at those elements in Veblen's writings that have prompted some scholars to identify two other Veblens: the "normative" Veblen and the "positive" Veblen. Many readers are so impressed by Veblen's literary stance of

"Olympian detachment" that they have little doubt that he subscribes to a *wertfrei* methodology. Others, particularly the students of Clarence Ayres, have no difficulty finding a "normative" Veblen in those passages where he discusses the "triumph of imbecile institutions over life and culture." Once again, we are faced with what may be a major internal contradiction in Veblen's work. Bur Seckler does not exploit this issue.

Nevertheless, he is clearly aware of these two Veblens. In a paraphrase of Mitchell, Seckler describes the "positive" Veblen as follows:

Veblen was not in the least concerned with how men ought to act or how it was in their best interest to act; rather he was content to describe how (in his eyes) they do act in given circumstances—even, as it may be, against their own best interests (11).

Elsewhere in his book he reveals the existence of the "normative" Veblen.

Veblen's discovery of emulation sets up an insistent demand for a sensible theory of value in economics. It demands a means of sorting "goods" from "bads" in terms of personal values and social ethics. This is too much for modern "positive" social science to stomach (12).

It is quite clear from this passage that Seckler understands the normative thrust of Veblen's analytical approach. In spite of all of his pretensions of Olympian detachment, Veblen did not, in fact, employ a *wertfrei* methodology, and Seckler is well aware of this. Why, then, does he not pick up and run with the discovery of this "normative" Veblen? This is particularly puzzling in view of Seckler's interest in placing Veblen and the institutionalists under the clarifying lens of "radical individualism." Whatever else the "radical individualists" may find amiss with institutionalism, nothing should agitate them more than the "normative" Veblen. Of all the dualisms upon which the "radical individualists" have built their philosophical edifice, none is more important to them than the "normative-positive" dualism. It will be recalled that it was Lionel Robbins who gave us one of the most memorable formulations of the "normative-positive" dualism in his classic "gulf fixed" dictum.

Economics deals with ascertainable facts; ethics with valuations and obligations. The two fields of enquiry are not on the same plane of discourse. Between the generalizations of positive and normative studies there is a logical gulf fixed which no ingenuity can disguise and no juxtaposition in space or time bridge over (13).

Now if the "radical individualists" are unwilling to waste white paper on refutations of institutionalists who subscribe to the idea that one must go beyond individual preference schedules to find the correlat-

ing mechanisms by which human institutions are held together, they could be expected to waste even less on the effort to refute a methodology that explicitly rejects the reality of the "gulf fixed" between the "normative" and "positive" realms of discourse. But this is precisely what Ayres and his students have done; and Veblen (along with Dewey) showed the way it could be accomplished.

Is it possible that Professor Seckler came to the realization that his "behaviorist" Veblen would not get along too well with his "normative" Veblen? Indeed, it would appear that the "behaviorist" Veblen would get along less well with the "normative" Veblen than with the "humanist" Veblen. The reason is fairly simple: behaviorists, by virtue of their commitment to "describe" only that which can be revealed by observation, tend to have as much at stake in the "normative-positive dualism" as do the "radical individualists." Indeed, most behaviorists embrace logical positivism—which brings us to a rather interesting fact about "radical individualists." Even though they pursue the "normative-positive dualism" with a vengeance, and thereby may seem to take on the mantle of logical positivism, *they are not logical positivists*. And the reason they are not logical positivists is a matter of some interest to those who would attempt to sort out the methodological differences existing between "radical individualists" and institutionalists.

"Radical individualists" and logical positivists come to loggerheads over the problem of verification. By dint of their "verifiability theory of meaning," logical positivists reject all "synthetic *a priori*" propositions from the realm of scientific cognition. Not all *a priori* propositions are outlawed; the "analytic *a priori*" propositions of mathematics are viewed as being crucial to the construction of scientific models which make up the substance of the "explanatory" hypotheses of scientific theories. But, as far as the logical positivists are concerned, all metaphysical arguments, and particularly all value judgments, take the form of "synthetic *a priori*" propositions. Those propositions which can be tested are called "synthetic *a posteriori*" propositions. Within the structure of scientific theory, these synthetic *a posteriori* propositions are deduced from the "explanatory" hypotheses. In short, scientific theories, in the logical positivist view, are tested, not at the level of the assumptions or postulates, but rather at the level of the theorems which are stated in the form of synthetic *a posteriori* propositions. Milton Friedman's "Essay on the Methodology of Positive Economics" presents a starkly unadorned version of this theory of verification (14).

Quite predictably, Professor Seckler takes issue with this logical positivist approach to the problem of verification (15). By virtue of the "radical individualist's" commitment to the "insurmountable methodological dualism," he views the positivist approach to verification to be appropriate only to the methods of the natural sciences which study "external realms" of physical and natural phenomena. In a field such as economics, where the ultimate facts of the science are the subjective valuations and preferences of the "internal realm" of the human mind, the positivist mode of verification is totally inappropriate. The proper method of verification for economics, say the "radical individualists," is to test economic theories at the level of the assumptions; for if the assumptions are determined to be true, then any theorem properly deduced from them will also be true. Seckler makes a rather bold assertion on this issue by flatly stating that this is "in fact" the *characteristic* method of verification in economics (16). But this assertion has a rather shrill ring to it. It is not clear where the profession would come down on this issue if it were put to a straw vote. Institutionalists would tend to side with Seckler—that is, they would agree that assumptions should be testable, but this is probably the minority view among economists. Friedman's view tends to be very widely shared. Indeed, it appears that the only subject matter area in economics where most economists would agree that we are forced to test our theories at the level of the assumptions is the so-called "normative" field of analytical welfare economics (17).

But be that as it may, the "radical individualists" have something more at stake in this mode of verification than do other mainstream economists. It is their hypothesis that institutional phenomena must be explained in terms of individual choices that weds them to this mode of verification. To put it bluntly, there is no demonstrable evidence in the "external realm" that would support the claim that complex institutional structures are comprehensible in terms of a concatenation of individual choices. Indeed, Kenneth Arrow's famous theorem indicates that it might not even be a theoretically feasible proposition (18). "Radical individualism" simply cannot survive in a science which tests its theories at the level of the theorems.

Institutionalists, however, should be willing to confront the "radical individualists" on the grounds of testing theories at the level of the assumptions. This has, in fact, been the preference of most institutionalists anyway. But when the "radical individualist" is confronted at the level of the assumptions, what is the nature of the test of verification to which he is willing to submit his assumptions? It turns



out not to be an empirical test at all; it is rather, by his own definition, a highly personal, "subjective" test. The "test" is merely introspection; that is, we are invited to contemplate our own capacity for rational choice. In the logical positivist world, concepts by introspection simply do not cut the scientific mustard. The positivist believes that such concepts take on the character of synthetic *a priori* propositions; such concepts invite us to believe in the existence of some entity on the basis of arguments that are not publicly testable against the facts of experience. The "radical individualists'" defense against this positivist attack was stated succinctly many years ago by Lionel Robbins.

These are not postulates the existence of whose counterpart in reality admits of extensive dispute once their nature is fully realised. We do not need controlled experiments to establish their validity: they are so much the stuff of our everyday experience that they have only to be stated to be recognized as obvious (19).

Similarly, Seckler has reminded us not to be drawn in by the positivists on the matter of verification, since "[i]n order for a proposition to be scientific, it must be a principle [irrefutable] *and that is all*" (20). (The emphasis is his.) But on what set of principles is the "radical individualist" conception of the role of individual choice in the formation of institutions irrefutable? The "insurmountable methodological dualism" locks us into the "internal realm" where Robbins invites us to recognize the obvious implications of our own introspectively known rationality. But Robbins has also taught us that we cannot compare one rational mind with another because we know of no way to make interpersonal comparisons of our internally held preference orderings. Any effort to do so would involve us in "value judgments," which are, in his view, unscientific (21). It would appear, therefore, that there is no way of getting to a public test of the refutability of such propositions (22). With all due respect to both David Seckler and Lord Robbins, the present writer cannot share their confidence that such arguments are even *in principle* testable.

Let us now examine the relevance of this excursion into the problem of verification for the question of the "normative" Veblen and the unabashedly value-oriented institutionalist methodology.

In a very revealing passage, Professor Seckler talks about institutional changes taking place without there being any change in the "fundamental values" of society (23). Such a remark reveals just how far he has moved from both Veblen and contemporary institutionalists in his conception of the nature of institutions and the meaning of institutional change. According to both Veblen and Ayres (but per-

haps not Commons), institutional change means a change in the "habits of thought," and at the core of these habits of thought are the values by which behavior is correlated within the institutional context. In other words, the essence of institutional change is a change in the value structure of the community. And the kind of values involved are not the private valuations embodied in individual preference orderings, but those fundamental social value judgments men use to evaluate the desirability of alternative forms of social structures.

On the methodological level, institutionalists of the Veblen-Ayres persuasion (Seckler's "behaviorists"?) argue that the ceremonial-technological dichotomy permits us to distinguish between those values that are ceremonially warranted and those that are technologically warranted. These two basically different types of values are the object of inquiry when we attempt to analyze institutional structures and attempt to predict the rate and direction of institutional change. It is this same ability to draw a distinction between ceremonially warranted values and technologically warranted values that permits the investigator to make normative judgments concerning the *ends* as well as the *means* of social policy.

Viewed in these terms, human discretion can, indeed, be exercised in the selection of alternative futures (24). Man's existence need not be *determined* exclusively by the habits of thought encapsulated in ceremonial practices. Rational choice does exist within the institutionalist schemata. But the kind of rational choice the institutionalist finds extant in the observable realm of human behavior is of this publicly knowable form; it is not confined to the private, internal world of the rankings of tastes and preferences. The tastes and preferences of ordinal utility functions do not in themselves possess social significance. Values have social significance only to the extent that they function as standards of judgment by which to correlate behavior. This is the meaning of that "sensible theory of value" that Seckler finds in the "normative" Veblen. This conception of the nature of human values is quite different from the conception of value we get in "radical individualism." The institutionalist is able to formulate hypotheses about social behavior which are not cast in terms of postulates on the mapping of individual preference rankings precisely because the institutionalists find that human values exist in the public realm of observable human action as well as within the "internal," private world of individual preference orderings.

## III

## CONCLUSION

THIS COMMENTARY HAS MOVED too rapidly over a wide range of difficult and complex issues. It is offered as nothing more than a point of departure for an extended debate on the profound questions raised by Professor Seckler's book. Nothing that has been said here could constitute a refutation of any of the major themes he sets forth, and the reader is cautioned not to draw the conclusion that Professor Seckler's work can be adequately confronted on such preliminary grounds. He has written a book that should be given serious consideration by all economists, particularly institutionalists. As Lord Robbins put it in the closing words of his foreword to *Thorstein Veblen and the Institutionalists*:

. . . Professor Seckler has made not only a significant contribution to the history of thought but also, what after all should be the main purpose of such work if it is to be more than mere documentation, a contribution which is itself a stimulus to further thinking (25).

1. David Seckler, *Thorstein Veblen and the Institutionalists: A Study in the Social Philosophy of Economics* (Boulder, Colo.: Colorado Associated Universities Press, 1975). For the background of Seckler's viewpoint, see the first part of this study, "Radical Individualism vs. Institutionalism, I." *American Journal of Economics and Sociology* 40 (April, 1981), pp. 139ff.

2. *Ibid.*, p. 86.

3. *Ibid.*, p. 84.

4. *Ibid.*, p. 82.

5. *Ibid.*, p. 79.

6. *Ibid.*, p. 98.

7. *Ibid.*, pp. 92-96. See also Seckler's treatment of this idea in Barkley and Seckler, *Economic Growth and Environmental Decay: The Solution Becomes the Problem* (New York: Harcourt, Brace, Jovanovich, Inc., 1972), pp. 81-83. The logical apparatus he uses for his arguments are standard marginal utility and disutility curves, which he postulates for the *whole society* and which he asserts will remain *constant* in the long run, since they embody fundamental values (with respect to the trade-off between amenities and goods). Both Marshall and Veblen would roll over in their graves if they could read this little piece. Long-run, fixed marginal utility curves? Interpersonal comparisons of utility? (Lord Robbins, are you there?)

8. See, for example, Seckler, *op. cit.*, p. 55. He has either completely misconstrued Veblen or he has misused him in the quote he cites on this page from "The Limitations of Marginal Utility."

9. See John Dewey, *The Influence of Darwin on Philosophy* (New York: Henry Holt & Co., 1910), pp. 1-19.

10. Seckler, *op. cit.*, p. 61.

11. *Ibid.*, p. 115.

12. *Ibid.*, p. 46.

13. Robbins, *op. cit.*, p. 148.

14. Milton Friedman, *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953).

15. Seckler, *op. cit.*, pp. 132-38.

16. *Ibid.*, p. 137.

17. See J. de V. Graaff, *Theoretical Welfare Economics* (Cambridge: Cambridge Univ. Press, 1967), p. 3; and E. J. Mishan, *Welfare Economics* (New York: Random House, 1964), pp. 8-10.
18. Kenneth J. Arrow, *Social Choice and Individual Values*, 2nd ed. (New Haven: Yale Univ. Press, 1963).
19. Robbins, *op. cit.*, p. 79.
20. Seckler, *op. cit.*, p. 87.
21. Robbins, *op. cit.*, pp. 138-139.
22. The philosopher F. S. C. Northrop once attempted to show how a public verification of entities in the "internal realm" could be accomplished, but, in this writer's opinion, he failed. See Northrop, "The Impossibility of a Theoretical Science of Economic Dynamics," *Quarterly Journal of Economics* (November, 1941).
23. Seckler, *op. cit.*, p. 91.
24. This thesis is brilliantly developed in Marc Tool's *The Discretionary Economy*.
25. Seckler, *op. cit.*, p. xi.

### *From Macro-economics to the Micro- Level*

IN FOCUSING MY REMARKS upon research, technology, and new products, I have had to neglect many other important aspects of current operations. I would like to touch on a very few of these.

One is the dramatic recent adjustments in world currency values. As pointed out in our announcement of First Quarter earnings, the sharp rise in the value of the dollar has had a significant impact on our reported results, and is expected to continue to do so throughout the rest of 1981, barring substantial reversals of recent trends. Although our European sales have been remarkably strong, the broad decline in the value of the European currencies has substantially eroded away this excellent growth.

Another event of significance has been the sharp escalation in fuel costs since November, 1980. Average increases of \$11 per barrel (40%) have reduced the profitability of our manufacturing-intensive chemical and material science businesses thus far this year. Little of the price relief that should result from the well-publicized petroleum surplus has yet materialized.

Finally, you have doubtless noted press announcements of the sale of our Laboratory Diagnostics Division to Warner-Lambert. This business had proven too small and too narrowly based to be self-sustaining, and our efforts to strengthen its position by acquisition had not been successful. The divestiture was undertaken after careful study, and was accomplished with the maximum possible consideration of the interests of the affected employees, and our customers. . . .

[Excerpts from remarks of the president of Pfizer, Inc., to stockholders, April 23, 1981.]

Gerald D. Laubach