

## Daniel Bromley's *Sufficient Reason*

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Daniel Bromley's 2006 book *Sufficient Reason: Volitional Pragmatism and the Meaning of Economic Institutions* crams an enormous amount of complex argumentation into its 224 pages. Rather than attempting a chapter by chapter recapitulation of the way he develops his ideas, I will go directly to Bromley's core chapter, which is entitled "Volitional Pragmatism." It occurs well into the book, as number nine of fourteen chapters. Here he argues that economic behavior is best understood as being based on a pragmatic theory of action. The key philosophical insight is that the action of any individual already presupposes an elaborately interconnected set of background assumptions that constitute the individual's understanding of the world in general and of his or her situation in particular. It is impossible to "get beneath" this understanding through epistemology, as was the hope of modern philosophers, for even philosophers begin their epistemology with an already worked out conceptualization of the world.

In a seminal 1896 article, John Dewey argued that this insight refutes a stimulus-response analysis of behavior. On the one hand, behavioral scientists can only classify a given pattern of behavior as a response to stimuli if they have some prior understanding of how the world works. This prior understanding allows them to pick specific pairs of events from the infinite manifold of events that might be considered and see them as correlated. A simple correlation can be modeled in infinitely many ways, so the coherence of science presupposes significantly overlapping interpretive frameworks among observers. On the other hand, only Pyrrhic doubt questions the common sense presumption that the human subjects of behavioral science are themselves intelligent.

Pragmatists such as Dewey and Charles Peirce used this insight against science methods which pretended to derive generalized axioms from mere correlations of data. Such methods claim to ground their laws in objective foundations, but in fact conceal their own working knowledge from themselves. In doing so, they shield this working knowledge from the very practices of criticism and testing that are emblematic of the scientific enterprise. The pragmatist notion of objectivity thus rejects foundational methodologies that aim for certainty. Instead, objectivity consists in a willingness to view all elements of theory, including background assumptions, as fallible and potentially open to revision. Thus pragmatists would regard any science that eschews a realistic attitude in favor mere predictive power—the position advocated by Milton Friedman in his famous essay on positive economics—as overly protective of its fundamental axioms.

Bromley ties this general point in pragmatist epistemology to economics, arguing that preference satisfaction and utility maximization models of human behavior fall victim to the pragmatist critique, but there is an important wrinkle. While pragmatists argue that all human behavior is intelligent in the sense that it presupposes a worked-out interpretation of one's situation, they also argue that much human behavior is habitual, which is to say that it is not particularly reflective or self-aware. It is, in fact, only in response to the *failure* of habits that people normally engage in active consideration of their circumstances and consider a number of alternative possibilities for action. Bromley encourages readers to "Notice that this account is at odds with the decision process

envisaged by many economists. In that standard approach, individuals (and groups) start with a clear end (goal) in mind, they gather evidence of the costs and efficiency of alternative means for reaching that end, and they then select the most advantageous means for achieving that predetermined end.” (p. 144).

Habits, are, of course, institutions, especially where regularized patterns of behavior are critical to cooperative or collective action, interaction and transaction. Bromley goes on to argue that contrary to the received view, the actual work of choice occurs in situations where habits fail. Here, choice does not involve maximization of utility or satisfaction of preexisting preferences, but search for new interpretations and understandings that will repair the fabric of the decision maker’s interpretation of the world. The proper role for economics consists in abetting this search through insight into the way that alternative institutions do and do not contribute to the achieving the ends in view that motivate the search for alternative arrangements.

Bromley is, in this respect, focused almost exclusively on legal rules and public policy. His analysis of institutions in Chapters 3, 4 and 5 covers ground familiar to most institutional economists. “Institutions define and specify opportunity sets, or fields of action, for the members of a going concern.” (p. 31). He follows John R. Commons in distinguishing three “fundamental realms of human action.” (p. 34). *Ethics* involves rule enforced by moral sanction and collective opinion, *Economizing* involves sanctions of profit and loss, while *Jurisprudence* involves state-sponsored coercive sanctions. Bromley then summarizes his framework as follows:

Any economic system is defined by—parameterized by—  
collectively ascertained and articulated rules and entitlement regimes that indicate what individuals must or must not do (duty), what individuals can do with the aid of the collective power (right), and what individuals cannot expect the collective power to do in their behalf (no right). The ethical realm constitutes the epistemic grounds (the reasons) for these institutions, the jurisprudential realm provides the articulation and ultimate enforcement of these institutions, and the economizing realm provides the arena in which individuals act in a domain parameterized by these institutions (the rule structure), subject to the prospect of financial gain or loss. (p. 35).

Bromley’s emphasis on legal institutions follows Wesley Hohfeld’s analysis of rights, privileges, power and liability. These concepts sketch the way that legal rules determine opportunities, especially through the establishment of property relations. Bromley summarizes rights as legal institutions that “allow an individual to compel the coercive power of the state to come to her assistance.” Property, in contrast, is “control over a benefit stream ...that runs into the future. “Property rights,” then bring these notions together and “parameterize the nature and extent of income appropriable from control of income-producing settings and circumstances.” (p. 63). Bromley then completes this section of the book by characterizing policy as “nothing but thinking about, weighing, and ultimately choosing among alternative institutional setups that will give rise to alternative imagined and plausible futures.” (p. 72). The Hohfeldian analysis allows economists to link alternative setups to imagined and plausible futures using fairly standard approaches to economizing behavior.

Where mainstream economics errs is in its exclusive reliance on the welfare-maximizing conception of human behavior to derive Pareto rankings of these alternative setups. In place of this, Bromley offers the pragmatist idea that collective decision—“thinking about, weighing and ultimately choosing,”—consists simply the public process of justifying a given course of to “an audience of attentive sapient agents.” (p. 28). A more detailed account of this process might have been drawn from the work of Jürgen Habermas, but Habermas appears to be one of the few contemporary pragmatists that Bromley did not read in his preparation for *Sufficient Reason*. Importantly, however, Bromley limits the proposals presented to this attentive audience to *warranted assertions*, that is, to claims or beliefs that have been endorsed by a scientific discipline.

To the extent that warranted assertions have something to do with economizing, it thereby becomes crucial that economics as a discipline has an adequate conception of warranted assertability. Providing this is the task for chapters 6, 7 and 8. Bromley first contrasts three modes of inference: deductive, abductive and inductive. The first is focused on logical entailment relations while the last involves generalizations, extrapolations and analogies based on data. Abduction, Bromley argues, is the notion omitted from too many economists working philosophy of science. It is the process of hypothesis formation that occurs to explain otherwise unexpected or anomalous phenomena. Like the pragmatist conception of action itself, abduction presupposes a set of framing understandings about how the world works. In the case of scientific disciplines, however, these framing assumptions go well beyond common sense understandings and constitute what Thomas Kuhn has called a paradigm. Paradigmatic understandings shared by practitioners of a discipline determine a set of expectations about how the phenomena in question generally work, but they also establish a set of questions needing further investigation.

Abduction is the process of offering hypotheses that if supported through observation and experiment would render questionable or doubtful circumstances consonant with other aspects of the paradigm, so that otherwise surprising or unexplained phenomena can be seen to follow as a matter of course. Or to put the matter differently, abduction is the process of imagining the circumstance, causal regularity or, in the case of intelligent agents, reason for acting that would explain the otherwise unexplained event. What counts as an explanation, thus, depends largely on the framing assumptions and working knowledge that a community of inquiry—a scientific discipline—brings to the table. For pragmatists, any particular element of this framework is regarded as fallible, but placing one aspect of the framework under scrutiny requires that one utilize other aspects of one’s working knowledge to do so. The entire framework may, of course, be faulty, but pragmatists see the accumulation of working knowledge—of a scientific paradigm—as an evolutionary process. It’s effectiveness as a means to “get by” combines with the community’s willingness to continuously revise any and every given element within the framework to provide the basis for warranted assertability.

Bromley expends considerable effort in these chapters criticizing economists for being insufficiently willing to revise aspects of the dominant paradigm associated with the idea of a welfare maximizing economic agent. The notion of economic rationality as a process of calculative maximization has, he argues, been elevated to dogma. Rather than considering alternative hypotheses that might better explain economic phenomena, economists have devoted their creative efforts to the innovation of concepts and methods

that reconcile observed phenomena with a deductive application of the axioms that specify rational behavior. Preserving the deductive structure of welfare maximization has become the *sine qua non* for economics, a phenomenon that Bromley himself explains in terms of its compatibility with politically conservative applications of neo-liberalism. *Sufficient Reason* is, in these pages, a call for economists to be more like other empirical sciences, and less like geometry.

But it is also important to see that these sections of the book also lay out the main elements of the pragmatist concept of reasoned action that I have already characterized in describing Chapter 9. One potential difficulty that readers will encounter with the book is that its account of scientific methodology is also its characterization of human action and decision making. Thus economists need a better understanding of sufficient reason to better model economizing behavior and especially to understand how their models play their most useful and legitimate policy choice. But economists should also emulate this model of sufficient reason in their disciplinary practice. Bromley is not being unpragmatic in this approach. John Dewey wrote a short book describing *How We Think*, but he also read implicit norms into his view of thinking. When these norms are more fully realized than is often the case, thinking rises to the level of science. Thus Bromley's sufficient reason is both a description of human action that economists should more faithfully model in their theory, but it also implies norms about how economists *should* practice their science. When Bromley's frequent polemical comments are thrown into the mix, it can be challenging to fix one's attention on what point any given section of text is intending to accomplish.

The last five chapters of the book offer applications and implications. In chapter 10, Bromley offers pithy reconstructions of legal responses to smoking risks, mad cow disease and GMOs as examples of how a pragmatist would approach these topics differently from a deductivist. Chapter 11 offers a more extended discussion of competing economic analyses of deforestation. Chapter 12 is a tour de force, examining the evolution of property institutions in light of historically contingent circumstances and offering deadly critiques of mainstream economics' inability to even conceptualize this process of evolution as a theoretical problem. Chapter 13 follows this pattern again in considering debates over regulation, market failure and environmental economics. I will leave these more applied discussions to the other discussants. The final chapter recapitulates the argument of the book in summarizing form, though I doubt that readers who skip to the executive summary will take the point. The argument is in fact convoluted and complex, and there is just no getting around the fact that it takes a couple of hundred pages to lay it out. I am sure that my own summary is subject to the same disclaimer.