An Epistemology of Praxeology

An Essay on the Nature of Consciousness and Social Interaction

(Condensed Version)

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"The nature of this exact orientation of theoretical research…consists in the fact that we reduce human phenomena to their most original and simplest constitutive factors…and…try to investigate the laws by which more complicated human phenomena are formed from those simplest elements, thought of in their isolation."

"Though all the social phenomena with which we can possibly deal may have physical attributes, they need not be physical facts for our purpose. That depends on how we shall find it convenient to classify them for the discussion of our problems."

"The importance of phenomenology for the solution of the epistemological problems of praxeology has not been noticed at all."

"We must, then, leave unsolved the notoriously difficult problems which surround the constitution of the Thou within the subjectivity of private experience. We are not going to be asking, therefore, how the Thou is constituted in an Ego…As important as these questions may be for epistemology and, therefore, for the social sciences, we may safely leave them aside in the present work."

"It would be preposterous to assert apodictically that science will never succeed in developing a praxeological aprioristic doctrine of political organization that would place a theoretical science by the side of the purely historical discipline of political science. All we can say today is that no living man knows how such a science could be constructed."

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Praxeology

Human Action

Conception of Action. What is human action?

Your action is that which you are doing now as you yourself understand it.

Classes of action.

We may distinguish various classes of actions such as: Physical actions (walking), mental actions (thinking), social actions (talking to someone), and economic actions (making a purchase).

Actions do not require forethought.

Actions need not be pre-planned. My action is simply that which I am currently doing as I understand it.

What is meant by the phrase "category of action"?

A category of action is a part of an action that is present in every action.

Social interaction and social exchange.

Social interaction is action in which I address another person or action in which I am aware that another person is addressing me. Social exchange is action in which the object I interact with has been produced by another person or is the result of a social process. As we will define it, social exchange does not require social interaction.

The subjectivity of action.

In a phenomenological or praxeological study of action, action is a *subjective*, not an *objective*, phenomenon. In subjective analysis, every object, entity, or phenomenon, is related to a perceiving *subject*.

Praxeology

What is praxeology?

Praxeology is the study of exact laws of human action. An exact law of human action is a relationship such that if an actor does X, then Y must necessarily also happen.

The difference between exact laws and empirical laws.

An *empirical law* is a relationship between X and Y such that if I do X, Y may, or may not, happen.

Who is Carl Menger?

Carl Menger was an economist, a philosopher, and the founder of the Austrian School of economics. Carl Menger is important in the study of social phenomena because in his book *Investigations into the Method of the Social Sciences* he sets forth the distinction between exact laws and empirical laws.

Who is Ludwig von Mises?

Ludwig von Mises was an economist, a philosopher, and one of the most well-known members of the Austrian School of economics. Ludwig von Mises is important in the study of social phenomena because he conceived of an "exact science" of social phenomena which he named *praxeology*. His treatise *Human Action* is dedicated to elaborating his conception of praxeology.

Who is Friedrich Hayek?

Friedrich Hayek was an economist and philosopher of the Austrian School and a younger contemporary of Ludwig von Mises. Friedrich Hayek is important in the study of social phenomena because he made important insights into the distinction between the empirical and the exact (the a priori).

Hayek's mistake.

Hayek held that study of the market (economics) can only be empirical and cannot be a priori (cannot be exact). At the same time, he held that a priori analysis was possible in the social realm using a method in which we draw analytical conclusions from assumed circumstances. For example, if an actor possesses *food*,

we may analytically derive the action of *eating*. Hayek neglected to explain why this analytical method could not be applied to market phenomena, constituting an a priori analysis of economic phenomena (If an actor observes a price, we may analytically derive the action of exchanging; if an actor is in a market, we may analytically derive the action of buying, etc.).

Mises's mistake.

Mises held that exact laws are Ceteris Paribus laws. A Ceteris Paribus law states that if X happens, and if other things remain equal, then Y must also happen. Mises acknowledged that the world in which we live is a world of unceasing, kaleidoscopic change, not a world in which things remain equal. Thus, the stipulation that other things remain equal is equivalent to stipulating a world other than the world we occupy. Ceteris Paribus laws essentially state that if X happens, and if the world is other than the world in which we live, then Y must also happen. In other words, if X happens, Y must also happen, in a different world. However, that is not the question. The question is, when X happens in this world, must Y also happen in this world? (1) Thus, Mises was unable to arrive at a satisfactory conception of a priori knowledge; one that could clearly define the distinction between the empirical and the a priori.

What is phenomenology?

Phenomenology is the study of structures of consciousness as experienced from the subjective or first-person point of view.

What is the epistemological method?

The *epistemological method* is the search for structures of consciousness strictly in relation to *regularities* of conscious experience. It is a subdivision of phenomenology that seeks to explain experienced regularities of consciousness in terms of a defined structure of consciousness.

What is methodological individualism?

Methodological individualism is a method of social analysis that traces social phenomena to the actions of individuals. It eschews analyzing social phenomena in terms of social wholes or social collectives. However, it may incorporate both

the *observation* of social actors and the *spatial and temporal relation* of social actors as valid foundations of social analysis.

The difference between physical science and social science.

Physical science is founded on the observation and comparison of two or more objects, entities, or phenomena. Social science is founded on a situation observed by an actor in relation to an unrealized and therefore unobserved situation.

The difference between objective and subjective.

Any phenomenon, whether an object of social science or of physical science, can be rendered as either a *subjective* phenomenon or an *objective* phenomenon, by adding or omitting reference to a conscious actor (a subject).

1. I assert the sun exists. (subjective phenomenon—conscious subject referred to)

2. The sun exists. (objective phenomenon—conscious subject omitted)

Epistemology

What is epistemology?

Epistemology concerns the method by which we obtain, and judge the validity of, our knowledge.

The category of unobservables.

Our mind or consciousness may be structured in such a way that every observation is coupled with an unobservable. We may assume that unobservability—the fact that there are things we don't observe—is a function of our minds or consciousness, and not a function of the physical, spatially extended universe. If I generalize the notion that the unobservable aspect of things is a function of my consciousness, this forms the basis of a theoretical "category of consciousness." Whenever in our conscious experience we encounter an unobservable (an unobserved entity), we will, as a theoretical principle, consider it to be an instance of a wider category of unobservables.

Unobservables.

Consider the following things: the other side of things, the inside of things, other people's minds (their experience of consciousness), concepts, the future, time, gravity. These are all particular instances of what we will refer to as *unobservables*. An unobservable is something that I believe exists, as part of what I observe now, but which I do not observe now.

Assigning characteristics to unobservables.

We may refer to the process or activity in which I describe something I do not observe as the process or activity of *assigning characteristics to unobservables*. I assign characteristics to unobservables when I provide a description of an entity I do not presently observe.

An analysis of the categories of observation.

Let us refer to a familiar social situation in which I'm sitting in a room with other people. Recall that social science as we conceive it is not founded on the

relationship between two objects, events, or phenomena, but is founded rather on the distinction between a situation confronting an actor and a situation the actor is trying to attain but which has not yet occurred and is therefore not observed. In this approach, there is only one category of observational (perceptual, sensory, etc.) content.

As I sit in the room, I see different people, I see the various surfaces of the room, and I see the furniture and other objects in the room. I can hear various noises, and I can feel my body in contact with the chair I am sitting on. As I sit there, I have various thoughts and imaginings. If I get up to make a cup of coffee, I can smell the coffee and taste the coffee. All these, we may say, are "perceptual content" or "sense data" of my consciousness. We may also refer to them as "observed content" or simply as "observations."

In sharp contrast to that which I observe, there are many things that I believe surround me in the room, or are with me in the room, or are part of my current situation in the room in some way, but which I do not observe. As mentioned previously, I believe that all the objects I observe have a back side, and an inside, though I do not observe those things. I believe that time is passing in this room and that gravity is keeping the objects in the room from floating in the air, though I observe neither time nor gravity. And I believe the people in this room have thoughts, intentions, and opinions, and that these things, which I do not observe, exist within the confines of this room. Thus, it is clear that as I sit in this room, there are two fundamental categories of entities that constitute my conscious experience. On the one hand, there are all those things I perceive, sense, or observe, and on the other hand, there are all those things I believe are present, but which I do not observe.

Assigning characteristics to unobservables.

We suggest that in a theoretical context, there is no basis for assigning characteristics to unobserved entities. That we nonetheless do so is due to social (cultural) considerations and not due to strictly theoretical considerations.

Distinguishing between unobserved entities.

From the theoretical procedure in which we refrain from assigning characteristics to unobserved entities, it follows that there is no basis for distinguishing between

various assumed yet unobserved entities. From the point of view of our theory, unobserved entities (the other side of things, the inside of things, concepts, time, gravity, the future, other minds, etc.) are regarded as indistinguishable. And this means that there are entities we have believed were separate, unique, and differentiable entities, but which from a theoretical point of view, are one singular thing.

Explaining the unobserved by means of perceptions.

The attempt to describe or depict the absence of perception is fundamentally problematic. There is no possible arrangement of perceptual content capable of representing or conveying the absence of perceptual content. Importantly, any attempt to represent the absence of perceptual content by means of perceptual content will be *unsatisfactory*. If we are able to satisfactorily differentiate and delineate two mental categories, we will not, as a matter of principle, have satisfactorily differentiated the category of unobservability.

Spinoza's insight: time separation.

In social science there exists a little-known insight attributed to the philosopher Benedict de Spinoza:

> "In no case do we strive for, wish for, long for, or desire anything, because we deem it to be good, but on the other hand we deem a thing to be good, because we strive for it, wish for it, long for it, or desire it."(TE-56)

This insight was later reformulated by the philosopher Friedrich Heinrich Jacobi as:

> "We originally want or desire an object not because it is agreeable or good, but we call it agreeable or good because we want or desire it; and we do this because our sensuous or supersensuous nature so requires. There is, thus, no basis for recognizing what is good and worth wishing for outside the faculty of desiring—i.e., the original desire and wish themselves."(EP-151)

This dictum was formulated to explain the relationship between two recurring social phenomena: those of *goodness* and *desire.* Its importance lies in its implication that the various components of action are not time-separated. To desire something ***is*** to consider that thing good.

This conception is reinforced by Mises in the following passage.

> "However, we can never identify the want otherwise than in the action. The action is always in accord with the want because we can infer the want only from the action."(EP-80)

Thus, we will maintain that in Mises's praxeology, as in Spinoza's dictum of ethics, the components of action are not time-separated. In a consistent social science or social theory, there is no time separation between entities or phenomena. Time separation is a construct of physical science.

Spinoza's insight: why do we believe the unobserved is observable?

What Spinoza's insight suggests, and what Mises corroborates, is that from the point of view of the individual consciousness, the original desire is in some sense "constitutive of" the good, and the original action is in some sense "constitutive of" the want. In other words, what a consciousness considers "good" is already "implied" in the desire (already "contained" in the desire), and what a consciousness "wants" is already "implied" in the action (already "contained" in the action).

Applying the Spinoza/Jacobi dictum to the categories of our present theory, we might obtain something such as:

> "We originally attempt to observe an object not because it is observable, but we call it observable because we attempt to observe it; and we do this because our sensuous or supersensuous nature so requires. There is, thus, no basis for recognizing what is observable and worth attempting to observe outside of the original attempt to observe itself."

When I look at the mountain in front of me, I may believe that the back of the mountain is also observable (for example, in a future observation). This apparent knowledge, however, occurs not because the back of the mountain "is observable," but rather because as I look at the mountain, my "sensuous or supersensuous nature" (i.e., my consciousness) is such that I *attempt to observe it*. And it is from this *attempt itself* that I derive the notion that the back of the mountain *is there* (i.e., that it is observable). I form the idea that a particular unobserved thing is observable from the *observation attempt itself*. And I make that observation attempt because that is the nature of my consciousness.

Thus, with regard to any sensuous or perceptual consciousness content, and speaking allegorically, my consciousness "supplies" an unobserved aspect of that perceptual or sensuous content, which manifests to me—which I experience—as an attempt to observe. Again, speaking allegorically, my 'attempt to observe' "creates" the unobservable aspect of the concrete content of my consciousness.

The theoretical treatment of the unobserved.

The success or failure of social science may ultimately depend on the theoretical understanding and the theoretical treatment of the unobservable aspect of consciousness.

Action as the attempt to observe.

All action can be conceived in terms of an "attempt to observe." Action is the attempt to observe (the perceptual presence of) a situation that is not present.

In modifying the conception of action from one in which the actor is trying to attain an *objective situation* to a conception in which the actor is trying to attain an *observation*, we ground our analysis in the conscious experience of the actor and we evolve to a conception of action that is unambiguously subjective and thus consistent with a subjective theory of action.

Categories of Consciousness.

Mises explains that the foundation of praxeology—the original premise from which we begin to reason—is the recurring conscious experience we have of striving after ends. If this original premise is valid, and if reasoning from this premise is consistent, then the results of this reasoning should also be valid.

Reasoning from the category of action.

In the Misesian conception of praxeology, we begin with the basic assumption of an actor attempting to substitute the present situation (A) with a different situation (B). This naturally leads to the question of the definition of the *present situation*. If I begin to differentiate various parts of my current conscious experience with the aim of separating that part of my current conscious experience that *is* my present situation from that part of my current conscious experience that *is not* my present situation, this leads to unsolvable theoretical issues. We are forced by theoretical necessity to conclude that the actor's *present*

situation is the entirety of the current situation of which the actor is consciously aware. The actor's present situation is everything that the actor currently senses, perceives, imagines, and observes.

The fundamental categories of consciousness.

The most fundamental categories of consciousness are those of perceptual content (or perception) and of unobservability. By *perception* is intended any and all sense impressions associated with the five senses (sight, smell, hearing, taste, touch) taken together with all mental impressions (imaginings, mental images, thoughts, words occurring mentally, etc.).

The "second" category of consciousness is the category of unobservability. To this category "belong" such unobserved phenomena as the future, time, gravity, concepts, the back side of things, the inside of things, other people's minds, etc. From the point of view of our theory, these unobserved entities, which have heretofore been considered different things, are viewed as the same thing. These are all entities that the actor believes exist, in relation to things that the actor observes, but which the actor does not in fact observe.

Thus, consciousness—the entirety of the conscious awareness of the actor—consists in a category of perceptual content and a category of unobservability.

The subjective nature of perceptions.

In all instances of conscious awareness, I am trying to observe an unobserved aspect of my current perception(s). The mere presence of a perceptual content is indicative of an *act* of consciousness, namely, the attempt to observe.

With regard to any perceptual content of consciousness, the actor is not passive or inactive. The perceptions of consciousness are not just "there." Rather, with regard to any perception of consciousness, the actor desires to observe the unobserved aspect of it, because the perception is a perception *of* the desire.

The subjective and the objective revisited.

In our discussion, we have sought to clearly distinguish the social realm from the physical realm at an epistemological level. Any phenomenon may be expressed as either a subjective phenomenon or an objective phenomenon ("I assert the sun exists" versus "the sun exists"). Subjective phenomena are the subject matter of

the social sciences; objective phenomena are the subject matter of the physical sciences. The objective is derived by conceiving our perceptions as *separate from* our mental activity as opposed to *constitutive of* our mental activity. The objective is derived by conceiving our *perceptions* as separate from our *attempt*.

Happiness and Unhappiness

The correlated pairs of consciousness.

Whereas physical phenomena are expressed in terms of correlated *physical* terms (high/low, near/far, fast/slow, light/dark), social phenomena are expressed in terms of correlated relationship pairs that denote the feeling, attitude, or opinion of a conscious actor; relationship pairs such as happiness/unhappiness, satisfaction/dissatisfaction, pleasure/pain, contentment/discontentment, ease/unease, joy/sorrow, etc. In the *social* correlated relationship pairs, one of the elements typically denotes an experience of "positivity" (a "positive" state of affairs as judged by an actor), and one of the elements typically denotes an experience of "negativity" (a "negative" state of affairs as judged by an actor).

The correlated pairs of consciousness: derivation.

The pervasiveness of the occurrence and recurrence of correlated relationship pairs in our conscious experience is indicative of a fundamental, bicategorial, classification system inherent to conscious awareness. In this regard, the following passages by Hayek are profound:

> "In discussing what we regard as other people's conscious actions, we invariably interpret their action on the analogy of our own mind; that is, we group their actions, and the objects of their actions, into classes or categories which we know solely from the knowledge of our own mind."
>
> "We thus always supplement what we actually see of another person's action by projecting into that person a system of classification of objects

> which we know, not from observing other people, but because it is in terms of these classes that we think ourselves."(EO-63)

Thus, from the point of view of the individual consciousness, the content of consciousness is classified according to a classification system inherent to consciousness.

Our working assumption (model) will be that of a bicategorial structure of consciousness in which various *contents* of consciousness—the various concrete perceptions and sensations of conscious awareness—combine with an unobserved or unobservable *aspect* of consciousness. It is the variation in the perceptual *content* of consciousness, as it appears within the structure of consciousness, that gives rise to all of the differentiated, particular, relationship pairs of experience and communication (happiness/unhappiness, pleasure/pain, high/low, near/far, etc.).

Attitudes of positivity and negativity in social phenomena.

In the realm of social phenomena, the specific correlated pairs that derive from the fundamental consciousness bicategorial structure universally entail a "positive" element and a "negative" element. The positive element expresses that something is welcome to the actor (something beneficial, pleasing, satisfying, attractive, good, etc.). The negative element expresses that something is unwelcome to the actor (something detrimental, unpleasant, unsatisfying, unattractive, bad, etc.). The positive/negative correlated pairs can take a limitless number of forms. For example, consider the pairs: accept/reject, correct/incorrect, important/unimportant, trustworthy/untrustworthy, kind/unkind, inquisitive/uninquisitive, intelligent/unintelligent, etc.

Clarifications.

To the extent that we make distinctions between entities, as has been argued, we are engaged in a *physical* analysis. In our theory, differentiation of entities is the foundation of physical analysis. Our explicit intent is to undertake a *social* analysis. The apparent contradiction might be addressed in conceiving that we are "undertaking a social analysis by means of physical concepts" or some similar conception or formulation. This would be somewhat analogous to the attempt to depict the absence of perception by means of perceptions. Can the attempt to

conduct a social analysis by means of physical concepts, or the attempt to depict the absence of perception by means of perceptions, ever produce a satisfactory result? We will propose an answer to this question in a subsequent discussion.

An important reason for developing this framework is to deepen our understanding of the universal human experience of happiness and unhappiness, especially as these phenomena occur in a social setting.

Happiness and unhappiness.

Here, we put forth an initial account of the conscious experiences of happiness and unhappiness that is plausible within the framework of the theory.

> I experience the positive side of the aforementioned correlated pairs (happiness, satisfaction, admiration, acceptance, etc.) to the extent that I experience my perceptions separate or in isolation from my attempt to observe the unobserved aspect of them. Conversely, I experience the negative side of the correlated pairs (unhappiness, dissatisfaction, contempt, rejection, etc.) to the extent that I experience my 'attempt to observe' separate or in isolation from my perceptions.
>
> The positive element of the pair (happiness) refers to my perceptions when those perceptions are considered separate from the attempt to observe the unobserved aspect of them (are considered separate from the attempt to change those perceptions to something different). The negative element of the pair (unhappiness) refers to my 'attempt to observe' when that attempt is considered separate from my perceptions (when the 'attempt to change' my perceptions to something different is considered separate from those perceptions).
>
> Here it is important to note that, as our theory only has two categories (observed and unobserved), and we are conceiving that the negative element of the pair refers to something separate from my observations, this implies that the negative element of the positive/negative category pair is associated with the unobserved aspect of my consciousness.

Thus, here we have an initial sketch of an important social phenomenon—our recurring conscious experience of happiness and unhappiness—that is consistent with our framework (or at least expressed in terms of our framework) and at least

plausible on its face. My perceptions are the source of my experience of happiness, and my attempt to change my perceptions is the source of my experience of unhappiness.

Now we will attempt to apply this initial sketch to our empirical experience. Regarding the experience of happiness, I can accept a definition of happiness (satisfaction, contentment, etc.) wherein I experience my perceptions with no, or very little, attempt to change those perceptions to something else. For example, when I am sitting in a beautiful setting and enjoying my favorite food or favorite drink. In situations such as these, I typically consider myself to be "happy" (satisfied, content, etc.) and I am typically not trying to replace this situation with a different one.

Next, we turn to the definition of unhappiness and its empirical application. Here there is a problem. I want to conceive that unhappiness consists not in my perceptions (the experience of my perceptions), but rather in my *trying to change* those perceptions. Prior to any formal theorizing, my empirical experience includes the conscious experience of unhappiness. Thus, my empirical experience of unhappiness must be accounted for in the theory. If I "experience" unhappiness, this experience must be some kind of perception or observation (our theory does not have a category of experiences that may be had aside from perceptual or observational experiences). If my experience of unhappiness is perceptual, and if my experience of happiness is also perceptual (as we have just proposed), then I will have differentiated two perceptual entities, and this, by our own definition, constitutes a *physical* phenomenon.

On the other hand, if unhappiness is my "attempt," and this attempt is considered separate from my perceptions, then this must mean it is unobservable and not perceivable. This is inconsistent with my empirical conscious experience in which I perceive or observe the phenomenon of my own unhappiness.

If we conceive that unhappiness is perceivable, as our empirical experience indicates, we will have a theory that conceives two differentiable, perceivable phenomena (two objects)—happiness and unhappiness—and we will have passed into the physical realm of analysis. If we conceive the experience of unhappiness as the unobservable aspect of consciousness, this may be consistent with the

formal categories of our theory, but it contradicts our empirical experience that unhappiness is perceivable.

On the one hand, a theory that conceives both happiness and unhappiness as perceivable phenomena will, in this sense, be empirically accurate, but it will be a physical theory, not a social theory. On the other hand, a theory that conceives either happiness or unhappiness as unperceivable will be able to conceive social phenomena with internal consistency, but at the expense of empirical accuracy.

Traditional social theory.

This theoretical predicament explains the well-documented stagnation in the social sciences. Social theoreticians have been unable to construct a social theory that did not have a physical epistemological foundation.

Brief summary.

The present theory is constructed of only two categories: a category of perceptions, and a category of the unobserved or unperceived. The category pair perception/unobserved is intended to be the most universal category pair, and all other category pairs are conceived to be specific, concrete, manifestations of the primary category structure.

The constraints imposed by the primary category structure apply identically to any particular manifestation of that category structure. So, for example, in the category pair happiness/unhappiness, we may choose to conceive one of the two as perceivable, and the other not. In the category pair perception/attempt, we may choose to conceive one of the two as perceivable and the other not.

The goal is to incorporate two distinct conscious experiences in a unified social theory (e.g., those of happiness and unhappiness or those of the present situation and the sought-after situation, etc.). We only have a single category of perceptual content. This means we can't, as a theoretical principle, make distinctions between various parts of the perceptual content (this part *over here* contrasted to that part *over there*, or this part *now* contrasted to that part *later*, etc.). Doing so constitutes the foundation of physical inquiry. Given these constraints, we assign *one* of the phenomena to the category of perception (e.g., happiness, the present situation, etc.) and *one* of the phenomena to the category of unobservability (e.g., unhappiness, the future situation, etc.). The result is that one of the elements that

is typically conceived as perceptual in a standard physical description is not conceived as perceptual in the social theory.

The physical theory can conceive each of the phenomena as perceptual (an advantage), but cannot attain coherence or consistency as a social theory (a disadvantage). The social theory can attain coherence and consistency as a social theory (an advantage), but it cannot conceive each of the phenomena as perceptual (a disadvantage).

Visualization and observability versus consistency in physical and social theory.

The quantum-mechanical notion of complementarity is relatively well known. In physical science, in some sense, position and momentum are mutually exclusive. If we know one of them, we cannot know the other. Since this phenomenon was discovered during the course of a physical science inquiry, it is largely assumed that it is a phenomenon of the physical world. Specifically, it is not interpreted as a phenomenon of consciousness, but as a phenomenon of the spatial and temporal universe.

In the present theory, we attempt to show how the fundamental consciousness categories relate to the objects and phenomena of consciousness. We argue that the two fundamental consciousness categories—perceptual content and the unobserved aspect of it—determine the form of, and experience of, every differentiable entity of our conscious awareness. The varying perceptual content of consciousness gives rise to innumerable variations of this fundamental consciousness structure: happiness/unhappiness, satisfaction/dissatisfaction, pleasure/pain, etc. Importantly, *it is due to this fundamental consciousness structure that every object of consciousness must have its "satisfactory" and "unsatisfactory" aspect*. And this includes *intellectual objects* such as theories.

The classical physics theory of atomic particles is *aesthetically pleasing* in that it describes nature in a way that is visualizable. However, the classical physics theory of atomic particles is *inconsistent* (it does not correctly predict atomic phenomena). By contrast, the quantum physics theory of atomic particles is *consistent* (it correctly predicts atomic phenomena) but it is aesthetically *unpleasing* (it describes nature in a way that is fundamentally unvisualizable). One theory is aesthetically pleasing but inconsistent while the other theory is consistent but aesthetically unpleasing. The fact that each choice has both a

positive aspect and a negative aspect is not an accident of the physical universe but rather indicative of the structure of our consciousness. With regard to any object of consciousness, the fundamental consciousness categories will manifest as a positive and a negative aspect of that object. From the point of view of the present theory, there is no choice or variation possible in this respect. However, choice or variation is possible in the *concrete manifestation* of the positive and negative aspects. And thus, on the one hand, we may have a theory that is pleasing and inconsistent, or on the other hand, we may have a theory that is consistent and unpleasing. And this is the situation physicists encountered upon the discovery of quantum physics. They had reached a fundamental structural consciousness constraint: what Mises referred to as "the praxeological a priori."(UF-2)

Something similar applies to the present theory. In the present theory, the fact that only one of the elements of the category pair (happiness or unhappiness) can be conceived as perceivable is theoretically unsatisfactory, given that our conscious experience provides perceptual evidence of both happiness and unhappiness. Notwithstanding this 'unsatisfactory' aspect of the theory, we claim the theory is consistent—a 'positive' aspect of the theory—since every conscious experience can be explained by its two categories. Thus, the theory has both a positive and a negative aspect, as would be expected. Conversely, we assert that proposed social theories in which the various components are each conceived as perceivable—i.e., the theory is aesthetically pleasing (a positive aspect)—will be inconsistent, incoherent, inaccurate, etc.—(a negative aspect). We don't have a choice *whether* dissatisfaction will manifest in a theory. We only have a choice in *which part* of the theory it manifests.

A simple sketch.

Let's return to the example of my sitting in a room with other people. As discussed, there are all of the perceptual aspects of this situation. I see the other people, I see the walls of the room, I see furniture, etc. Next, there are all of the unobservable aspects of this situation. I do not see the thoughts, motives, or intentions of the other people, I do not see the other side of the walls, I do not see the other side or the inside of the furniture, etc. What our theory says is that all of the perceptual/observable aspects of this situation constitute my experience

of happiness, and all of the unperceived/unobservable aspects of this situation constitute my experience of unhappiness.

This might be explained in the following way. The unobserved aspect of my consciousness is an “empty placeholder” for the observations I am trying to have (knowingly or not) but have not yet had (for the perceptions I am trying to have but have not yet had). The “existence” of the unobserved aspect of my consciousness is evidence of my “trying” to observe something that is not yet observed.

An illustrative example of this idea might be a situation in which I am in a great deal of pain. What makes this situation “unhappy” or “dissatisfying” to me is the fact that I am trying to replace my current situation (current perceptions) with a different situation (with different perceptions). The suggestion is that it is not the perception itself (the feeling itself) that is painful, but instead, the attempt to replace the current perception with a different perception (with a different feeling).

Theoretically, if I conceive this “trying” or this “attempt” as perceptually distinct from my current perceptions (i.e., as “perceptually experienceable”), in so doing, I “instantiate” a *physical* conception, inquiry, or analysis. The conception of the “trying” or the “attempting” in perceptual, experiential, or visualizable terms, is complementary to (is mutually exclusive of) the conception of it in *social* terms.

My attempt to replace my perceptual experience when I am in a great deal of pain is identical, categorially and structurally, to my attempt to replace my perceptual experience when I am in very little pain, which is identical, categorially and structurally, to my attempt to replace my perceptual experience when I haven’t named my current perceptual experience as one of pain (e.g., when I am simply looking at a wall). In all cases, I try to bring to observation or to perception something I do not observe or perceive. In the situation in which I am in a great deal of pain, I try to perceive or observe that which I do not now perceive or observe: a situation in which I am not in a great deal of pain. In the situation in which I am looking at the wall, I try to perceive or observe that which I do not now perceive or observe: the unobserved aspect of the wall. In both cases, that which constitutes pain is “there” structurally and categorially. *Pain* is a social

phenomenon; *intensity*—this much pain versus that much pain—is a physical phenomenon.

Meaning and application.

The present theory is a phenomenological theory of consciousness; a theory of subjective experience. This theory of subjectivity is based on the distinction between what is observed and what is not observed in conscious experience. As we intend it, "unobserved" does not mean "does not exist." It only means "is not observed." Thus, the present theory is not a theory of the denial of objectivity or objective reality or a theory of the denial of other minds. It is not a theory of the denial of physical or spiritual forces. Rather, it is a positive theory of subjectivity. It is a "blueprint" or "diagram" illustrating how consciousness "works." The theory is based on the structure of *my* mind which I assume is the same structure as the minds of other people. In my belief that other people's minds exist, I may present to them a written theory that explains the structure of their mind, even if I myself have not observed their mind. It is in this spirit that Mises wrote:

> "The a priori sciences—logic, mathematics, and praxeology—aim at a knowledge unconditionally valid for all beings endowed with the logical structure of the human mind."(HA-57)

In our theory, we maintain that the innumerable correlated pairs of analysis (happiness/unhappiness, high/low, etc.) derive from an underlying bicategorial consciousness structure. The attempt to observe that which is presently unobserved is the more universal expression for what we may also call the attempt to change the current situation to a different situation, a phenomenon historically referred to as *human action*.

Social Interaction

Our common understanding of social interaction is founded on the realistic assumption that other minds similar to our own minds exist. The term *minds* is to be clearly differentiated from the term *brains*. *Mind* is a social-scientific term while *brain* is a physical term. Though I believe other minds exist, I never observe them. I observe bodies and I observe brains, but I do not observe other minds. Other minds are unobservable.

Within my conscious field of awareness, as I understand it in daily life, another mind can be "present" or "not present." For example, when I talk to another person "face-to-face," I believe that I am in the presence of another mind. I believe that another mind is now experiencing me (the sight of me, the sound of me, etc.) and is now making various *attempts* with regard to me (attempting to understand me, attempting to focus on me, attempting to know what I'm thinking, attempting to communicate with me, attempting to convince me, etc.). The same applies when I speak to someone on the telephone. Here again, I believe that I am in the presence of another mind. When I am in the presence of another mind, this means I have identified, *within my conscious field of awareness*, another mind similar to my own, and which I may direct my thoughts and actions towards.

The identification of another mind within my conscious field is not a spatial phenomenon. I never actually observe another mind. The identification of another mind is a belief I have that another mind is "present." As a physical analogy, I might believe another person is behind the wall in front of me, though I do not see, hear, or experience that person in any perceptual way. In this analogy, even though I do not perceive this person, I nonetheless believe I have located this person spatially. Social interaction in the phenomenological or praxeological sense is similar, except that the object being "located" is the other person's mind, and the domain of location is my conscious field as opposed to a segregated spatial volume.

As I experience things in daily life, another mind is not always present. If I'm planting plants by myself in my garden, my mind may be occupied with various perceptions—plants, flowers, dirt, the blue sky, sunshine, a breeze, nearby trees,

etc. All of these objects, as objects of my consciousness, will have unobserved aspects. However, generally speaking, I do not believe that the unobserved aspect of these objects is another person's mind. And thus, as I experience it and understand it, in this circumstance I am not in the presence of another mind. Another mind is not present.

Interpersonal action.

When another mind is present within my conscious field, we may refer to this as social interaction or, more precisely, *interpersonal action*. Provisionally, we may contrast the phenomenon of interpersonal action with that of *isolated action*. Isolated action is action in which another mind does not enter my conscious field (e.g., the example of gardening provided above).

The positive and negative aspects of interpersonal action.

From what we have established previously, and from the point of view of the present theory, there is no basis for distinguishing between various unobserved entities. That which is not observed cannot be assigned characteristics in the same way that observed entities can be assigned characteristics. We therefore concluded that many things which have historically been thought of as different and distinct entities—time, gravity, physical or spiritual force, concepts, the future, the other side of things, the inside of things, other minds, etc.—can be thought of as a singular entity or phenomenon.

We described this entity or phenomenon as the unobservable aspect of consciousness. Adopting the Spinoza/Jacobi dictum, we arrived at the insight that the assumed observability of an unobserved entity derives from the *attempt to observe* itself. In our theory, an unobserved entity does not first exist as observable, after which we try to observe it. Rather, we call an unobserved thing observable because we try to observe it, and we try to observe it because that is the nature of our consciousness.

In order to understand how the consciousness categories relate to our experience of interpersonal action, we will refer to the most common form of interpersonal action in which the person I interact with is visually present to me. Interpersonal action occurs when another mind is present in my conscious field. In this particular instance of interpersonal action, another mind is present in my

conscious field because I believe that the person I see has a mind similar to my own. From the point of view of our theory, there is no basis for distinguishing between the mind of another person and any other unobservable. However, in everyday life, I make distinctions between various unobservables—the back of the wall, the underside of my desk, other minds, etc. I experience interpersonal action as the identification of another mind within my conscious field.

That aspect of my consciousness that is the attempt to observe an unobserved entity is the derivation source of the negative element of the correlated pair (i.e., unhappiness). The mind of another person, as unobserved, "exists" for me as my attempt to observe an unobserved entity. Therefore, the mind of the other person during interpersonal action is the derivation source of the negative aspect in my conscious experience. Thus, in interpersonal action, I experience the mind of the other person as unhappiness, dissatisfaction, unease, etc. The unobserved mind of the other person in interpersonal action is the "attempt" aspect of my consciousness. With respect to the correlated pairs, the "attempt" is the negative aspect of my conscious experience (unhappiness, dissatisfaction, pain, discomfort, unease, etc.). In order that the theory be consistent, this attempt cannot be conceived as perceivable. It must be conceived as something other than my current perceptions. And this is an 'unsatisfactory' aspect of the theory.

Conversely, in interpersonal action, the perceptual aspect of the person I interact with is the derivation source of the positive element in the correlated social pairs. Thus, the sight of that person, the sound of that person, the tactile aspect of that person, the smell of that person, etc., manifest as the positive aspect of my conscious experience (happiness, satisfaction, pleasure, comfort, ease, etc.). In short, in interpersonal action, the observable and perceptual aspects of the person I interact with are experienced as happiness, and the unobservable aspects of the person I interact with are experienced as unhappiness.

Interpersonal action compared to other forms of action.

In daily life, the unobservable that I differentiate in interpersonal action is different, in an important way, from the unobservables that I differentiate in other forms of action. Since I myself have thoughts, intentions, feelings, opinions, etc., when I identify another mind, I believe that this other mind has thoughts, intentions, feelings, opinions, etc. By contrast, when I'm involved in isolated

action, I typically believe that the unobserved aspect of things is "inert," or just "there." Typically, I don't give much thought or attention to these latter unobservables. Consider, for example, the other side of the computer screen I'm currently observing, or the underside of the desk I'm currently observing. Though from the point of view of our theory, all unobservables are the same, I do not experience all unobservables in the same way in my daily life. In interpersonal action, I believe that the unobservable I have identified is unique in ways that may importantly impact me. I wonder, what is this person thinking about? What are this person's intentions? How does this person feel? What are this person's opinions? These are all things that I may be concerned about when I engage in interpersonal action. These kinds of questions are largely absent when I engage in isolated action such as gardening or walking or eating.

It is not difficult to interpret these questions—and many other questions that may arise in interpersonal action—as an attempt to observe something. When I try to answer questions such as those above, I try to change a situation in which I do not know something into a situation in which I know something. This knowledge (X), if it arrives, must arrive as some concrete perception; something I can visualize, picture, sense, or otherwise observe. X—the knowledge I seek—is not observed now, but in attempting to obtain an answer to my question, I'm attempting to observe X. We have established that the attempt aspect of consciousness is experienced as unhappiness in daily life. This means that in interpersonal action—the identification of another mind; an entity I assume has thoughts, intentions, feelings, opinions, etc.—my various attempts to know what the other person is thinking are all instances of the negative aspect of my consciousness. Stated more simply, the "attempt to know" what's on another person's mind is the "attempt to observe" aspect of my consciousness that gives rise to the experience of unhappiness (unease, dissatisfaction, etc.).

While the *attempt to observe* is universally present in every action of mine, in interpersonal action, the particular unobserved entity I differentiate is singularly unique. This particular entity is not simply the back side of a computer or the underside of a desk—things which I regard as relatively inert or passive—but is rather an active and intentional entity, i.e., another mind similar to my own. When I encounter this particular unobserved entity, my attempt to observe it is, generally, not the same as my attempt to observe the back side of my computer or

the underside of my desk. In physical terms, my attempt to observe this particular unobserved entity can be more intense, more focused, more sustained, etc. This means that my experience of the negative element of the correlated pairs can be more intense, more focused, and more sustained; and this means that I may experience a more intense, focused, and sustained feeling of unhappiness, dissatisfaction, unease, etc.

Social Exchange.

Previously, we discussed the difference between social interaction (interpersonal action) and social exchange. By definition, in interpersonal action, another mind is present within my conscious field. In social exchange, another mind may or may not be present within my conscious field. For example, I may exchange with a person face-to-face, or I may make a purchase online. Both are examples of social exchange. However, when I exchange with a person face-to-face, it is highly likely that I will identify another mind within my conscious field during this process. By contrast, when I make a purchase on the internet, I find that it is much less likely that I identify another mind within my conscious field during *this* process. My experience during an internet purchase is more similar to that of isolated action than it is to that of interpersonal action. This is because during a typical internet purchase, I consider the unobserved aspects of the objects I encounter as largely inert, the same way I consider the unobserved aspects of the objects I encounter while gardening. Thus, while my internet purchase is a social exchange, I typically experience it as isolated action or a series of isolated actions.

And thus, what we have pointed out in comparing interpersonal action to isolated action, also applies in the comparison of social exchanges involving interpersonal action to social exchanges that do not involve interpersonal action. In social exchanges involving interpersonal action, the unobserved entity that I try to observe is another mind similar to my own. In social exchanges not involving interpersonal action, the unobserved entity that I try to observe is, as I understand it, an inert entity. And thus, *my attempt to observe* in social exchanges involving interpersonal action may be more intense, focused, and sustained, than *my attempt to observe* in social exchanges not involving interpersonal action. Therefore, I may experience a more intense, more focused, and more sustained feeling of unhappiness (dissatisfaction, unease, etc.) during social exchanges

involving interpersonal action than I do in social exchanges not involving interpersonal action.

The technique of objectifying social exchange.

Given that I may experience the *attempt* aspect of my action more intensely in interpersonal action as compared to other forms of action—the attempt interpreted as the negative aspect of consciousness—and knowing that I may engage in social exchange without engaging in interpersonal action, I may therefore choose, or tend to choose, those forms of social exchange that do not require interpersonal action. If other people in society experience the negative aspect of interpersonal action the same way I do, they may similarly choose, or tend to choose, forms of social exchange that do not require interpersonal action. The repetitive occurrence of these choices on a large scale may be interpreted as an evolutionary process in which forms of social exchange that do not require interpersonal action are developed as an alternative to forms of social exchange that require interpersonal action.

The technique in which social exchange that does not require interpersonal action is substituted for social exchange that requires interpersonal action may provisionally be called a technique of "objectifying" social exchange. Objectifying social exchange simply means choosing methods of social exchange in which I consider the unobserved aspect of the objects I encounter to be largely inert or passive. For example, in purchasing something from a vending machine, the unobserved entities I encounter during this process—the back of the machine, the back or inside of the products, the back of the posted prices, etc.—I typically consider to be "objective" in the sense that I believe them to be "inert" or just "existing" or just "there." These unobserved entities are typically of little interest or concern to me. This is different from the unobserved entities I encounter when I engage in social exchange involving interpersonal action. Here, at least one of the unobserved entities—the mind of the other person—I believe to be unique. I believe this entity possesses certain "intentions" or "attitudes" or "opinions." I believe that this unobserved entity is "active" and that it may impact me in important ways. As such, this particular unobserved entity is of increased interest and concern to me. This "interest" and "concern" may manifest as increased focus and concentration on my part. This focus and concentration is an attempt to

observe what I currently do not observe: the aspects of this unobserved entity that I believe are there (thoughts, motives, intentions, opinions, etc.).

A technique of happiness.

Thus, the technique of substituting "objectified" forms of social exchange for social exchange requiring interpersonal action can be interpreted as a technique for increasing our happiness. It is a technique for obtaining the benefits of social exchange, without, or largely without, identifying another mind within our conscious field. It is a technique for obtaining the benefits of social exchange without engaging in interpersonal action.

The evolution of social exchange.

In the theoretical and formal sense, action is always an attempt to exchange the current, observed situation, for a different, currently unobserved situation. However, in daily life, in referring to the notion of *exchange*, we typically mean the social process of the exchange of ideas, information, goods, and services, between people. As we have described previously, we may make a distinction between social interaction (interpersonal action) and social exchange. Social exchange may occur during interpersonal action, such as when I make a face-to-face barter exchange. But social exchange may also occur without interpersonal action, such as when I make a purchase from a vending machine. Thus, as we previously concluded, it is possible to obtain the benefits of social exchange without engaging in interpersonal action.

The process by which social exchange becomes possible without interpersonal action may be seen as an evolutionary process. We may begin by thinking of a primitive society in which most social exchange is effectuated by simple commands ("give me that," "take this," etc.). Here, interpersonal action is the primary means of guiding the exchange. Next, we may think of a barter society in which differing amounts of various goods are offered and compared, accompanied by some negotiating or haggling. Here, the interpersonal action involved in the exchange may be interspersed with periods of non-interpersonal action, for example, when the parties to the exchange observe and examine the various types and quantities of goods. Next, we may think of a society in which there are small stalls or shops, and in which prices are posted for the goods being offered. Though negotiation entailing interpersonal action may still occur, it may be

significantly reduced, since the posted prices and the corresponding goods may be observed by the buyer to a considerable extent without interpersonal action. Next, we may think of a society of large-scale stores and supermarkets. Most of the shopping activity occurs in shopping aisles consisting of goods and posted prices and may occur largely without the experience of interpersonal action. Even if there is another person at the checkout stand, the interpersonal action that occurs is often reduced to a brief exchange of pleasantries. Next, we may think of a society that introduces vending machines, automated teller machines, self-checkout, and self-service gas stations, etc. Here, social exchange may occur largely without interpersonal action. And finally, we may think of a society in which there is a high degree of electronic communication and electronic commerce (e.g., websites, internet purchases, artificial intelligence, cryptocurrencies, etc.). In this society, the extent to which social exchange may occur without interpersonal action is expanded even further.

Thus, we may conceive an evolutionary social process in which the potential to exchange socially without interpersonal action is expanding.

Libertarian social theories as theories of limited government.

In libertarian social theory, the evolution of human society has typically been portrayed in one of two ways. Libertarian *economic* theory conceives the evolution of human society in terms of economic progress. As the market system expands, this results in increased standards of living. Libertarian advocates of a market economy argue that human well-being is best achieved through the increased living standards that the market society generates.

The market system is essentially a system in which autonomous actors, individually or in groups, produce those goods and services that they want to produce, and offer them for sale at prices they themselves set. These same people, acting as consumers, purchase those goods and services they want to purchase at prices they themselves accept. By definition, and by its nature, the market system is a constraint on the system of government, since in the market system, market participants and not the government decide on what is produced, in what quantities, and at what price. In a “mixed” system in which both the market system and government system operate, when the government decides that the market system isn’t producing what it, the government, wants, or

producing the quantities that it wants, or is not setting the prices that it wants—i.e., the notion of 'market failure'—the government typically transfers these decisions from the market system to the government system. The result is government-provided goods and services such as public education, public health care, public roads, the postal service, etc. Thus, the market system constitutes an implicit line of demarcation between those decisions that are made by autonomous market participants and those decisions that are made by government. Importantly, the expansion of the market system constitutes an implicit contraction of the government system in the sense that more decision-making is granted to autonomous market participants and correspondingly less decision-making is granted to government officials.

Libertarian moral or ethical theory conceives the evolution of society in terms of moral or ethical conduct. What distinguishes the more civilized societies of the modern age from the less civilized societies of past ages is the gradual development of the notion of 'human rights,' or in libertarian social philosophy, simply 'rights.' In essence, in libertarian social theory, my rights are those things I am entitled to do without the forcible intervention of others. The reasoning and the arguments that determine my rights are *moral* or *ethical* arguments. They are arguments about social relationships that try to determine what people "should" do or "ought to" do, but may not do. The essential argument of libertarian moral or ethical theory is that if I, a social actor, haven't done anything wrong in the "positive" sense—I haven't physically harmed anyone, threatened to harm anyone, cheated anyone, damaged anyone's property, etc.—that I "should not" or "ought not" be forcibly interfered with. The goal of this libertarian moral or ethical imperative, which limits when other people are morally or ethically justified in forcibly intervening with me, is to provide a realm or scope of operation in which I can safely act without encountering violence or the threat of violence. This limitation is intended as absolute. The libertarian prohibition against forcible intervention applies to all individuals whether alone or in groups, and importantly, it applies to the government. Thus, libertarian moral or ethical theory proposes a limitation on government in that it seeks to prevent forcible social intervention except in cases of provable, positive, wrongdoing (assault, murder, fraud, property damage, etc.). In libertarian social theory, an increase in individual rights implies a

corresponding decrease in government intervention, i.e., a decrease in the size and scope of government.

Coercion as a type of trade or exchange.

Coercion is distinct from other types of social harm, such as murder, assault, aggression, theft, fraud, etc. Coercion is a type of trade or exchange. When I coerce someone, I threaten that person with some particular harm, and then I offer to withdraw the threat of harm *in exchange* for something I want from that person.

Coercion is a universally understood method of obtaining something from another person. It is distinct from other methods of obtaining something from another person such as persuasion, suggestion, bargaining, etc. If I, the person employing coercion, want my coercive trade or exchange to be successful, it is important that the harm I threaten to do to the other person be great enough that the person will want the threat of that harm withdrawn, and will therefore agree to the exchange. If the threatened harm is very mild or not of much concern to the other person, they may not care whether or not the threat of that harm is withdrawn, in which case my offer to withdraw the threat may not be important enough to them to exchange for it. The prototypical example of a coercive exchange throughout modern history has been the person who points a gun and commands "Do as I say, or I'll shoot!" In this coercive exchange, all of the essential aspects of coercion are present: an exchange between two people in which harm is threatened and the withdrawal of the harm is offered in exchange for something, and in which the threatened harm is deemed great enough that the other person will want the threat of the harm withdrawn, and will therefore agree to the exchange.

Coercion is a near-universally employed method of exchange in the sense that nearly everyone, at some point in time, employs coercion. It is also nearly universal that people try to avoid being the "recipient" of a coercive exchange. That is, almost everyone wishes to avoid being coerced.

Coercion as the essential component of government action.

Modern government is a collective of individuals whose primary task is making people do things they do not want to do voluntarily. Many people would not pay taxes or abide by various laws and regulations were it not for government. To

secure obedience to its laws and regulations, government threatens people with various forms of harm through legislation, and then offers to withdraw or withhold that harm if people obey the laws and regulations. Typically, the harms threatened include penalties such as license revocation, fines, imprisonment, and bodily harm. These threatened harms, and the promise to withhold these harms if people obey, are not incidental aspects of legislation; they are the *foundation of* legislation. In this sense, coercion is the foundation of modern government.

The employment of coercion.

Typically, to employ coercion, I identify another mind within my conscious field, and I direct my threat of harm, and my offer to withdraw that harm in an exchange, to this other mind. The identification of another mind within my conscious field is interpersonal action. To the extent that I engage in interpersonal action, the experiences previously discussed may occur. Having identified this particular and unique unobserved entity within my conscious field, an entity possessing various thoughts, motives, intentions, opinions, etc., my "attempt to observe" these unobserved aspects may be more focused, intense, sustained, etc. I may experience the negative aspect of the correlated pairs (unhappiness, dissatisfaction, unease, etc.) more so than I do when other unobserved entities are present in my conscious field (the other side of the wall, the underside of my desk, the back side of my computer, etc.).

The relationship between coercion and objectified social exchange.

To the extent that coercion requires interpersonal action, and to the extent I engage in "objectified" forms of social exchange in order to diminish instances of interpersonal action and expand my potential for happiness, to this extent do I diminish or eliminate my opportunities for coercion. In other words, to the extent that coercion is a particular form of interpersonal action, when I objectify social exchanges in order to diminish interpersonal action and increase my happiness, I thereby diminish my use of, or potential use of, coercion as a means of social exchange.

The relationship between libertarian social theory and government.

Previously, we discussed how libertarian social theory is an inherently limiting factor with respect to government. In libertarian economic theory, rising living

standards are achieved by means of the market system. The market system entails autonomous individuals making decisions on product types, product quantities, and product prices. To the extent that the market system is in effect, these decisions are made by autonomous individuals and not by government, and thus the size and scope of the market system are inversely related to the size and scope of government. To advocate for an increase in the size and scope of the market system is to advocate for a corresponding decrease in the size and scope of government. To advocate for an increase in the size of government is to advocate for a corresponding decrease in the size of the market system.

The same applies to libertarian moral or ethical theories. The 'rights' possessed by each citizen are those activities a citizen may engage in without forcible intervention by other parties, including government. If the rights of the citizenry expand, the opportunities for forcible government intervention contract. If government expands, the rights of the citizenry—those things they may do without forcible government intervention—contract.

We have also discussed an evolutionary process in which social exchange becomes possible without interpersonal action. We referred to this type of social exchange as "objectified" social exchange. This simply means social exchange in which the unobserved aspect of my conscious field is something other than the mind of another person. An expansion in the employment of objectified social exchange is equivalent to a contraction in social exchange involving interpersonal action. To the extent that coercion requires interpersonal action, a general contraction in social exchange involving interpersonal action implies a general contraction in the occurrence of coercion. In turn, a general contraction in the occurrence of coercion implies a general contraction in government, as coercion is the foundation of modern government. Thus, to advocate for an expansion in the size and scope of objectified social exchange is to advocate for a corresponding contraction in the size and scope of government. Conversely, to advocate for an expansion in the size and scope of government is to advocate for a corresponding contraction in the size and scope of objectified social exchange. Thus, as has been the case historically, libertarian social theory is seen to be an inherently limiting factor with respect to government.

Notes:

(1) Mises's answer is no. "For example, we deduce from our theory that when the price of a commodity rises (**X**), its production will be increased (**Y**). However, if the expansion of production necessitates new investment of capital, which requires considerable time, a certain period of time will elapse before the price rise (**X**) brings about an increase in supply (**Y**). And if the new investment required to expand production (**Y**) would commit capital in such a way that conversion of invested capital goods in another branch of production is altogether impossible or, if possible, is so only at the cost of heavy losses, and if one is of the opinion that the price of the commodity will soon drop again, then ***the expansion of production (Y) does not take place at all***."(EP-163) (emphasis and X's/Y's added for clarity)

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