

Praxeology – Four Essays

Praxeology and Exact Laws

The Conception of Praxeology

The conception of praxeology within the Austrian School begins with Carl Menger. In his book *Investigations into the Method of the Social Sciences*, Menger sketches the outlines of a discipline concerned with *exact laws* as distinct from *empirical laws*.

The types and typical relationships (the laws) of the world of phenomena are not equally strict in all cases. A glance at the theoretical sciences teaches us rather that the regularities in the coexistence and in the succession of phenomena are in part without exception; indeed they are such that the possibility of an exception seems quite out of the question. However, some are such that they do indeed exhibit exceptions, or that in their case exceptions seem possible. The first are called *laws of nature*, the latter *empirical laws*. (I-50)

The aim of this orientation, which in the future we will call the *exact* one, an aim which research pursues in the same way in all realms of the world of phenomena, is the determination of strict laws of phenomena, of regularities in the succession of phenomena which do not present themselves to us as absolute, but which in respect to the approaches to cognition by which we attain to them simply bear within themselves the guarantee of absoluteness. It is the determination of laws of phenomena which commonly are called “laws of nature,” but more correctly should be designated by the expression “*exact laws*.” (I-59)

What is the purpose of the “exact” theoretical sciences?

The purpose of the theoretical sciences is understanding of the real world, knowledge of it extending beyond immediate experience, and control of it. We understand phenomena by means of theories as we become aware of them in each concrete case merely as exemplifications of a general regularity. We attain a knowledge of phenomena extending beyond immediate experience by drawing conclusions, in the concrete case, from certain observed facts about other facts not immediately perceived. We do this on the basis of the laws of coexistence and of the succession of phenomena.

We control the real world in that, on the basis of our theoretical knowledge, we set the conditions of a phenomenon which are within our control, and are able in such a way to produce the phenomenon itself. (I-55,56)

It is important to note that Menger's conception of scientific laws includes not only laws of the *succession* of phenomena, but also laws of the *copresence* of phenomena. Menger is not only conscious of regularities in which there is a temporal separation between phenomenon **A** and phenomenon **B**, but also of regularities in which **A** and **B** appear "copresently."

Praxeology is thus a relatively simple notion. It is a discipline that studies *exact laws*: those regularities in which phenomenon **A** follows phenomenon **B** without exception, or in which phenomenon **A** is copresent with phenomenon **B** without exception. When Menger refers to "exact research," he means the study of exact laws in *all* the realms of the universe in which we live (the physical realm, the social realm, etc.). When Ludwig von Mises refers to "praxeology," he means the study of exact laws exclusively in the realm of social phenomena.

The Problem of the Relationship between Two Non-identical Phenomena

Though the conception of praxeology is relatively simple, the practice of praxeology is correspondingly difficult. It is easy to define the general goal of praxeology (the study of exact laws of social phenomena), but it is difficult to conceive or formulate valid exact laws in a given social realm, such as the realm of market phenomena (economics). We begin with the assumption of two nonidentical phenomena **A** and **B**. Let us take this short passage from Mises to illustrate:

The first and basic achievement of thinking is the awareness of constant relations among the external phenomena that affect our senses. A bundle of events that are regularly related in a definite way to other events is called a specific thing and as such distinguished from other specific things. The starting point of experimental knowledge is the cognition that an **A** is uniformly followed by a **B**. The utilization of this knowledge either for the production of **B** or for the avoidance of the emergence of **B** is called action. The primary objective of action is either to bring about **B** or to prevent its happening. (U-20)

Thus, we are talking about two non-identical phenomena, **A** and **B**, and how to bring about **B** (or prevent its happening) by means of phenomenon **A**. Praxeology is only concerned with exact laws (in which **B** *must necessarily* happen if **A** happens) and not with empirical laws (in which **B** *may or may not* happen if **A** happens). The goal will be to demonstrate an exact relationship between non-identical phenomena **A** and **B** such that the production or emergence of **A** must necessarily produce phenomenon **B** without exception. As Mises writes:

Praxeological knowledge makes it possible to predict with apodictic certainty the outcome (**B**) of various modes of action (**A**). (HA-117). (**A** and **B** have been added for the purpose of clarity.)

To understand the difficulty involved in formulating or conceiving a praxeological law, let us take an example of a deduced law of economics as provided by Mises in *Epistemological Problems of Economics*. We will highlight the important parts of the passage and add **A**'s and **B**'s for clarity.

For example, we **deduce** from our theory that when the price of a commodity rises (**A**), its production will be increased (**B**). 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 (**A**) brings about an increase in supply (**B**). And if the new investment required to expand production (**B**) 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 (B) does not take place at all**. In the whole process there is nothing that the theory could not immediately explain to us. (EP-163)

The first thing to note is that Mises is here discussing a *deduced* relationship, which means a relationship established by logical reasoning. The deduced relationship between **A** and **B** in this passage is, for Mises, of the same logical character as the other deduced relationships of economics and praxeology. Mises does not envision or conceive various *classes* of deductions, with each type of deduction differing with respect to its degree of certainty. In Mises's system there are only deduced (a priori) relationships on the one hand, and relationships shown to us by experience (empirical or historical relationships) on the other hand. The relationship between the increase in the price of a commodity and the increase in the commodity's production is, according to Mises, a deduced, praxeological relationship.

As we can see, Mises explains that granted assumption **A** (an increase in the price of a commodity), we deduce phenomenon **B** (an increase in the production of the commodity). However, he also explains that granted assumption **A**, phenomenon **B** may not take place at all. Mises's explanation amounts to an admission that though we may *deduce B* from **A** in a theoretical context, we do not thereby learn whether phenomenon **B** must happen if phenomenon **A** happens. We cannot say that based on our theoretical deduction, phenomenon **B** must follow phenomenon **A** with apodictic certainty. This is clear and apparent in Mises's explanation.

Mises accounts for this discrepancy—the deduced relationship between **A** and **B** versus the “actual” relationship between **A** and **B**—by stating that if **B** does not take place, our theory will be able to explain *why* it did not take place. But this explanation skirts the issue. The primary purpose of praxeological knowledge is not to provide a satisfactory historical account, *ex post*, of why phenomenon **B** did or did not take place. The primary aim of praxeology is knowledge instructing us on how to bring about **B** or to prevent **B**’s happening *in the future*, and *with certainty*, by means of phenomenon **A**. As Mises writes:

Praxeological knowledge makes it possible to predict with apodictic certainty the outcome (**B**) of various modes of action (**A**). (HA-117). (**A** and **B** have been added for clarity.)

In Mises’s explanation, we can see that the relationship between an increase in the price of a commodity and an increase in the production of the same commodity is an *empirical* relationship, because when the price increases, an increase in the production of the commodity may *or* may not happen. Since we know that **B** may or may not happen, but do not know *a priori* which possibility will be actualized, we can only know which possibility is actualized *a posteriori* (by experience).

Thus, either: (1) this particular deduction of economics is not a valid praxeological deduction, or (2) the relationships of praxeological theory are empirical, not *a priori*. We conclude therefore that this particular deduction of economics is not a valid praxeological deduction.

The Problem of the Relationship between Two Non-identical Phenomena

It is important to realize that praxeology is not identical to the unqualified application of “logic” to various assumed situations. To conceive praxeology as merely discursive reasoning applied to assumed social or market situations is a misnomer. The object of praxeological theorizing is not *situations* but *action*. “Situations,” conceived as objective phenomena occurring in nature, are not the subject matter of praxeology. Strictly speaking, in praxeology there is no such thing as “an increase in the price of a commodity,” whereby we conceive of a social phenomenon independent of a social actor. Phenomena conceived as occurring in nature independent of volition are objects of natural science. In praxeology, an **actor** may **increase** the price of a commodity or an **actor** may **observe** an increase in the price of a commodity. These are both actions and, as such, objects of praxeological study. The focus of praxeology is not events, but actions.

Having clarified the object of study, we may now ask: If I, an actor, increase the price of a commodity (an action), must I, or another actor, necessarily then increase the production of this commodity (an action)? Or, if I, an actor, observe an increase in the price of a commodity (an action), must I or someone else necessarily increase the production of this commodity (an

action)? The answer, as Mises explains, is no. The relationship between an increase in the price of a commodity and an increase in the production of a commodity is therefore an empirical relationship.

Let us consider the following conception: If I increase the price of a commodity (an action), must I necessarily decrease the amount of that commodity that may be purchased? In other words, does my increasing the price of **X** (action **A**) have the necessary effect of decreasing the amount of **X** that can be purchased (consequence **B**)? If so, then my action of increasing the price of **X** can be said to have a “necessary consequence.” The difference between this example and the example Mises provides is that here, there is no conceived temporal separation between action **A** (increasing the price of a commodity) and consequence **B** (decreasing the amount of a commodity that may be purchased). **A** and **B** are here conceived as “copresent” with no temporal separation. In this conception, **A** and **B** are identical in one sense—**A** and **B** are part of the same action—and non-identical in another sense—an actor may consciously intend to do **A** without consciously intending to do **B**. We may refer to this type of relationship as an “identity relationship,” and we maintain that these types of identity relationships (or “tautological transformations”) constitute the essence of praxeological, exact laws. (See Knott, *Introduction to the Theory of Interpersonal Action*, 2014, section 1B.)

The Nature of Exact Law

I. The Conditions of Exact Law

Our initial conception of an exact law is a relationship between **A** and **B** such that if I do **A**, then **B** must necessarily occur. If I do **A**, the occurrence of **B** is inevitable or unavoidable.

When I refer to an exact law, I’m referring to the relationship between the action of a conscious subject, and that which must necessarily accompany that action *as experienced by the actor him or herself*. This is important. I’m referring to a subjective phenomenon. I’m not referring to the relationship between the action of another person that I observe, and the consequences of that person’s action as I observe it.

So this is subjectivism and methodological individualism combined. We are referring only to the action of a conscious subject, and that which must necessarily accompany the action, from the point of view of the actor who performs the action. We are not talking about *observed* action, but rather about *performed* action.

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For an exact law to have practical utility, phenomenon **A** and phenomenon **B** must be non-identical in some sense. The formula “If I do **A**, then I do **A**” is of little practical value. By contrast, the formula “If I do **A**, then I do **B**” has meaningful practical value.

An exact law relating **A** to **B** means that I know **B** will occur even though while I’m doing **A** I may not be able to observe **B**. Thus, Carl Menger, in discussing scientific laws, refers to “knowledge extending beyond immediate experience” (I-67) and to “facts not immediately perceived.” (I-56)

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In the search for exact laws, we will rule out those regularities in which there is temporal separation between **A** and **B**.

First, if there is temporal separation between **A** and **B**, in the intervening time period, the components of what were to constitute **B** may be destroyed or altered so that **B** does not occur. Then, it is possible to do **A** without the occurrence of **B**.

Second, if there is temporal separation between **A** and **B** and the time period between **A** and **B** cannot be specified, this suggests, for example, the possibility that a person may do **A** and the result or consequence **B** may not happen for centuries. This calls into question the practical utility of such an exact law.

In his book *Epistemological Problems of Economics*, Mises makes an indirect insight into the problem of temporal separation. He writes that we deduce from a **price increase** in a commodity (phenomenon **A**), that **production** of the commodity will increase (phenomenon **B**). He then explains that in the intervening time period between **A** and **B**, circumstances may arise such that **B** (the increase in the production of the commodity) does not take place at all (Development of the Subjective Theory of Value, p. 163). The apodictic certainty required of a praxeological law is obviously lacking if a person can do **A** while the occurrence of **B** is uncertain. This indicates that in the search for exact laws or a priori knowledge we must focus on those relationships in which **A** and **B** are “contemporaneous” or “co-present.”

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The example we will use to illustrate the nature of exact law is the action of walking toward a location (action **A**). In walking toward a location, I necessarily walk away from a different location (necessary result or consequence **B**).

In considering this example, we can see that **A** and **B**—walking toward a location and walking away from a different location—are part of the same action. But there is an important sense in which **A** and **B** are not the same: An actor may, in this case, **observe** his or her own doing of **A**,

while **not** observing his or her doing of **B**. **A** and **B** are thus non-identical in the subjective sense because an actor may be consciously aware of doing **A** while not consciously aware of doing **B**.

We thus arrive at the following conditions of an exact law:

1. If I do **A**, **B** must necessarily happen or occur.
2. **A** and **B** are “co-present” with no temporal separation between them.
3. **A** and **B** must be non-identical in the sense that I can be consciously aware of **A** while not consciously aware of **B**. **A** and **B** are non-identical in this *subjective* sense.

II. The Structure of Exact Law

In an exact law, **A** and **B** are co-present, but **A** and **B** cannot be simultaneously observable. An exact law is not a relationship between two observable phenomena. Austrian economist J.G. Hülsmann argues the same thing in his essay “Counterfactual Laws of Human Action.”

Exact laws derive from, or are a function of, confining one’s analysis to a single observation or action. Conversely, empirical laws are derived from the analysis of multiple, time-separated, observations or actions.

[“Observation,” as intended here, is not identical to “visual inspection.” Observation here means the presentation of a perception or sensation (or a bundle of these) to a consciousness. An observation can be a visual presentation, but it can also be a tactile presentation, an audio presentation, a mental image, etc. By the term “observation,” I mean a perception or sensation of any kind, present to a consciousness.]

Referring again to our example, in performing my action of walking, I observe my walking **toward** a location (phenomenon **A**), but I do not observe my walking **away** from a different location (phenomenon **B**). Remember that we will confine ourselves to the analysis of the unitary action from the point of view of the actor who performs the action.

Thus, on the one hand I have an observable aspect to my action. We may refer to this as a “category” of observability, or a category of perception—a category of things that present observably to my consciousness. On the other hand, there is a non-observable aspect to my action—what we may refer to as a category of non-observability.

To understand this category of non-observability, consider the things we assume or believe are “there now” or “happening now” at any given moment, but which we do not actually observe. For example, I believe or assume that the back of that wall (points to wall) is “there now,” but I do not now observe the back of that wall. The back of that wall is, to me, a “presence” that I do

not perceive or observe. It is present (I assume or believe), but not presently perceived or observed by me. We might refer to the back of the wall as a *non-perceptual presence*.

When I walk toward a location (action **A**), I assume or believe I am walking away from a different location (occurrence **B**), but I only observe **A**, while **B** remains a “thing” or “occurrence” that I do not observe.

These two categories are “co-present.” When I see a wall, the back of that wall is “there” as a co-present and unobservable aspect of my action of seeing the front of the wall.

Thus, a simple structure begins to emerge. We may conceive that our consciousness is structured in terms of two primary categories. One category is comprised of presently observable, perceivable, or sensible content; the other category is constituted of “things” that I believe to be present, but which I do not presently observe, perceive, or sense.

[Theoretically, there is no basis for distinguishing between assumed entities that have no observable or differentiable characteristics. Thus, in the present theory, there is no difference between the back of that wall and my walking away from a location. Differentiation implies differentiable characteristics, which in turn implies observable characteristics. The unobservables we are discussing here have no differentiable or observable characteristics. Thus, strictly speaking, the unobservable “things” I refer to should not be referred to in plural, but should instead be referred to as a singular category of unobservability.]

III. The Binary Nature of Social Interaction

The focus of libertarian social thought is social interaction: person-to-person social interaction, social interaction through a political process, or social interaction through a market process. When I interact with another person, the mind or consciousness of that other person is always an unobservable or “non-perceptual presence.” When I interact with another person, whether face-to-face, or by telephone, or by other means, that person’s mind or consciousness is, for me, “there now,” but I never observe the mind of the person I interact with, just as I never observe the back of the wall or observe my walking away from a location.

When I interact socially, I locate, in my own conscious field, another mind or consciousness similar to my own. I then direct my actions or communications toward the mind or consciousness I have located. The mind or consciousness I locate is always unobserved. I see a physical body, I hear a voice, I feel a touch or smell a scent, but I never observe another mind or consciousness though I believe one to be present during my act of social interaction.

We can thus see that my act of social interaction conforms to the structure of action we have been discussing. On the one hand, there is the observable aspect of social interaction; the body

or voice I observe (as discussed, a category of perceptual presences). On the other hand, there is the unobservable aspect of social interaction; the mind or consciousness of the other person which I do not observe (as discussed, a category of non-perceptual presences). My act of social interaction is of the same essential structure as my other actions.

We are conceiving the structure of action in terms of two fundamental categories. Now, for a moment, consider the following concept pairs taken from ethics and economics: good/bad, moral/immoral, just/unjust, happiness/unhappiness, satisfaction/dissatisfaction, pleasure/pain, supply/demand, means/ends, etc.

Of course, we are all familiar with the following everyday concept pairs of science and thought: more/less, increase/decrease, higher/lower, internal/external, sooner/later, near/far, before/after, dark/light, light/heavy, and many others. The binary nature of things seems to be all around us. In fact, the binary form seems essential to our comprehension of the world around us.

What if we assume that the myriad binary phenomena derive, not from the structure of the physical universe, but from the structure of our consciousness? What if the things I observe are comprised of two parts because my consciousness is comprised of two parts? The idea of studying the world around us by studying our own mental categories is not new. In fact, this is what Ludwig von Mises suggested we do. He wrote: "For as must be emphasized again, the reality the elucidation and interpretation of which is the task of praxeology is congeneric with the logical structure of the human mind." (U-65) Mises's insight was that we may study the social world by studying our own mental structure. As he wrote in *Human Action*: "We must bethink ourselves and reflect upon the structure of Human Action." (HA-64)

Hayek expounded on this approach to social science in his essay "The Facts of the Social Sciences". He wrote:

We invariably interpret [other people's actions] 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 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 ... (IEO-63)

IV. Exact Law and Social Interaction

When I interact socially, I locate another mind or consciousness within my own conscious field, and I direct my actions or communications toward that other mind. Though it seems a little unorthodox to use the phrase "locate another mind," this is just a philosophical way of

expressing something we do every day. To communicate with another mind, we must locate another mind, so we know where to direct our communications or actions. When I say “locate another mind,” I mean this in the subjective sense. The actor has “located” another mind when another mind is present in his or her conscious field.

Let us call my locating another mind **action A**.

According to what we have been discussing, I assume that my consciousness is constituted of two categories: a category of perceptual presence (things that are observable), and a category of non-perceptual presence (the unobservable aspect of my consciousness).

On the one hand, in order to interact socially, I must **locate** another mind. On the other hand, I’ve made the assumption that I never **observe** another mind. The mind I locate during social interaction, I now suggest, is simply the unobservable aspect of my consciousness. In other words, when I do **A** (locate another consciousness), what I have located is the unobservable aspect of my consciousness, **B**. **A** and **B** are, in one sense, identical.

However, this unobservable aspect of my consciousness is not identical to the mind of another person in the subjective sense. When I locate another mind (action **A**), I generally do not believe, or I am generally unaware, that I am faced with an aspect of my own consciousness. **A** and **B** are thus non-identical in the subjective sense because in my daily life and activities, I am generally unaware that when I do **A** I am doing **B**. Because I may be unaware of the identity between the unobserved entities I believe to be present, and the unobservable aspect of my consciousness, a law relating the two has practical utility.

We may have thus satisfied the conditions of an exact law. The unobservable I locate (**A**) is identical to the unobservable aspect of my consciousness (**B**), and thus, when I do **A**, I must do **B**. There is no temporal separation between **A** and **B**. **A** and **B** are non-identical in the subjective sense that I may do **A** while being unaware that I am doing **B**. The subjective non-identity between **A** and **B** imparts the law with practical utility.

V. The Practical Utility of Exact Law

An important distinction in libertarian social theory is the distinction between the market economy and the command economy. As one website informs us:

Market economies and command economies occupy two polar extremes in the organization of economic activity. ... The activity in a market economy is ... determined by the supply and demand of goods and services. Alternatively, a command economy is organized by government officials ...

(Investopedia.com. Article: "What's the difference between a market economy and a command economy?" 10/25/15)

As libertarians, we are familiar with these two polar extremes: on the one hand, the vision of a society organized by the market and by the price system, and on the other hand, the vision of a society organized by the commands and orders of men. As libertarians, of course, we advocate a society in which the market and the price system have an expanded role, and in which the orders and commands of men have a diminished role.

When our fellow citizens have asked us to explain why we prefer the market society to the command society, we have generally provided two types of answers. We have argued that a libertarian society is an *ethical* society (the explanation of libertarianism in terms of ethics), and we have argued that a libertarian society is a prosperous society (the explanation of libertarianism in terms of economics). I would like to suggest a third explanation of libertarianism: an explanation of libertarianism that is independent of ethics and economics.

In what we have covered today, I have tried to show how the objects of consciousness are each structured the same: each object has an observable and an unobservable component. In my daily life and activities, I can, to some degree, isolate these components in the social objects I interact with. For example, when I use a metal coin as a means of social interaction, I may focus on the *observable* qualities of that metal coin (its color, its weight, etc.), and I may pay little attention to the *unobservable* aspects of that coin (the inside of the coin, the backside of the coin, etc.). By contrast, when I interact with another person face-to-face, I may pay quite a bit of attention to the unobservable aspects of that person. For example, I may become concerned with that person's thoughts, intentions, values, and motives. The thoughts, intentions, values, and motives of another person are unobservable to me, similar to the back of a wall.

Thus, I may pay greater attention to the unobservable aspect of some forms of social interaction as compared to the unobservable aspect of other forms of social interaction. This is important, because if I find some means of social interaction more troubling than others, either consciously or unconsciously, I may tend to favor, or seek to utilize, those means of social interaction that I find less troubling. Since the thoughts, intentions, values, and motives of another person are unobservable to me, I may find those means of social interaction in which I have to be concerned with such unobservables somewhat troubling or unsatisfactory. On the other hand, I may find those means of social interaction in which the unobservable aspect of them is of little concern to me to be less troubling and more satisfactory by comparison. When I interact socially by means of pieces of money, by means of posted prices, or by means of tangible commodities, etc., I find that the unobservable aspect of these things is generally of little concern to me.

For these reasons, I may tend toward certain forms of social interaction and tend to avoid other forms of social interaction, even before I am theoretically able to identify the reasons I do so. I may come to identify, loosely, a group of "market-related" means of social interaction

consisting of observable monetary units, observable prices, etc., and I may come to prefer them over those forms of social interaction in which I deal with the unobservable mind of another person directly. I am suggesting that the libertarian preference for the market society has a basis in our categories of consciousness. On a fundamental level, independent of ethical or economic considerations, we prefer the market society because we find it a more satisfactory and less troubling means of social interaction.

Praxeology and Coercion

Menger and Exact Laws

Praxeology is the study of necessity in human action. If I walk *toward* a location, I necessarily walk *away* from a different location. Walking *away* from a location is the necessary result or consequence (**B**) of my conscious action (**A**) of walking *toward* a location. Carl Menger, the founder of modern-day Austrian Economics, referred to those relationships in which phenomenon **A** must necessarily be accompanied by phenomenon **B** as *exact laws*. Here is how Menger describes “exact” theoretical research, the discipline Ludwig von Mises refers to as *praxeology* when applied to the social sphere:

The types and typical relationships (the laws) of the world of phenomena are not equally strict in all cases. A glance at the theoretical sciences teaches us rather that the regularities in the coexistence and in the succession of phenomena are in part without exception; indeed they are such that the possibility of an exception seems quite out of the question. However, some are such that they do indeed exhibit exceptions, or that in their case exceptions seem possible. The first are called *laws of nature*, the latter *empirical laws*. (I-50)

The aim of this orientation, which in the future we will call the *exact* one, an aim which research pursues in the same way in all realms of the world of phenomena, is the determination of strict laws of phenomena, of regularities in the succession of phenomena which do not present themselves to us as absolute, but which in respect to the approaches to cognition by which we attain to them simply bear within themselves the guarantee of absoluteness. It is the determination of laws of phenomena which commonly are called “laws of nature,” but more correctly should be designated by the expression “*exact laws*.” (I-59)

Thus, in the context of Austrian Economics and Austrian social theory, praxeology begins with Menger's conception of exact theoretical research.

Mises and Praxeology

Ludwig von Mises designates exact theoretical research in the *social* realm as *praxeology*, and he classifies economics, or "catallactics" as a sub-category of praxeology. (HA-232-234)

The field of catallactics or of economics in the narrower sense is the analysis of the market phenomena. This is tantamount to the statement: Catallactics is the analysis of those actions which are conducted on the basis of monetary calculation. (HA-234)

Though Mises lays out his conception of praxeology as a general science of human action in all its forms, it is only the economic (i.e., catallactic) sphere of human activity that is the focus of his own praxeological work. He has no knowledge of how the discipline of praxeology may be expanded to treat non-economic (non-catallactic) forms of human action. (U-98)

The reason it has proven so difficult to conceive of a non-economic branch of praxeology is to be found in the assumptions made by economics, and the close historical association between economics (the study of market phenomena) and praxeology (the general study of human action). In studying the market economy, economics makes the special assumption of action taken in the context of identical monetary or commodity units. The assumption of identical monetary or commodity units introduces the possibility of mathematical treatment. Thus, when Mises discusses three important laws of economics (The Law of Marginal Utility, The Law of Returns, and The Ricardian Law of Association) we see that he introduces simple mathematical equations ($n-1$, p/c , $32p + 45q$, $3/2 q$, etc.). (HA-119-130, 157-160) Economics is thus reliant on the assumption of identical units of supply and on mathematical equations for the formulation of its laws. The problem is that there are forms of human action that cannot make the assumption of identical units of supply, and therefore, standard mathematics cannot be used in the attempt to formulate exact laws of these forms of human action. How one could formulate a non-mathematical, social, exact law, has remained an unsolved problem.

Theoretical/Epistemological Problems in Mises's Theory

Mises's conception of praxeology is that of a general science of human action that arrives at exact laws of human action.

Praxeology is a theoretical and systematic, not a historical science. Its scope is human action as such, irrespective of all environmental, accidental, and individual circumstances of the concrete acts. Its cognition is purely formal and general without reference to the material content and the particular features of the actual case. (HA-32)

Praxeological knowledge makes it possible to predict with apodictic certainty the outcome of various modes of action. (HA-117)

There are at least two unresolved theoretical or epistemological problems in Mises's system. First, if economics studies action under a given set of circumstances—circumstances that may or may not be present in other actions—this raises the question whether, strictly speaking, economics may be called praxeology. As Mises writes:

[Praxeology] does not concern itself with the accidental and environmental features of this action and with what distinguishes it from all other actions, but only with what is necessary and universal in its performance. (HA-44)

Praxeology is not concerned with the changing content of acting, but with its pure form and its categorial structure. The study of the accidental and environmental features of human action is the task of history. (HA-47)

In making the assumption of identical units of supply, it would appear that the economist specifies a concrete content of action that distinguishes a particular class of actions from all other actions. The particular content of action (in this case, identical monetary or commodity units) can change. But Mises is clear that praxeology does not deal with the changing content of action or with those things that distinguish one action from another. Thus, it is an unresolved question whether economics is to be considered a “branch” of praxeology, or a discipline that treats a concrete content of human action (e.g., history), or even a discipline of applied mathematics, or something else.

Second, Mises conceives praxeology as arriving at exact laws of human action such that if action **A** is executed, result or consequence **B** must necessarily happen or occur. And he conceives that praxeological knowledge is valid not only within the deductive praxeological system, but valid also in the social “real world” in which we act:

The theorems attained by correct praxeological reasoning are not only perfectly certain and incontestable, like the correct mathematical theorems. They refer, moreover, with the full rigidity of their apodictic certainty and incontestability to the reality of action as it appears in life and history. Praxeology conveys exact and precise knowledge of real things. (HA-39)

Mises's conception of praxeology as indicated in the above passage seems to be contradicted by his statements in other passages. For example:

Apodictic certainty is only within the orbit of the deductive system of aprioristic theory. The most that can be attained with regard to reality is probability. (HA-105)

And:

For example, we deduce from our theory that when the price of a commodity rises, its production will be increased. 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 brings about an increase in supply. And if the new investment required to expand production 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 does not take place at all. (EP-163)

Thus, it is unclear, given Mises's conflicting statements, and given the example above, whether he conceives that deduced praxeological laws are apodictically certain only within the theory itself, or conceives that deduced praxeological laws apply with apodictic certainty to social "reality." In the passage above, Mises is clear in speaking of a deduced, non-empirical relationship between **A** and **B**. He then describes a possible scenario in which we assume that **A** happens and yet **B** does not happen. If upon the occurrence of **A**, phenomenon **B** may or may not happen, this is characteristic of an empirical, not an exact, regularity. This theoretical conundrum is the reason why Hayek claimed that praxeology cannot be applied to market phenomena and that the study of market phenomena can only be the study of empirical regularities. (HP, 2013)

Praxeology as a General Science of Human Action

As we've seen, in the context of Austrian School social theory, the idea of exact social science (what Mises terms praxeology) begins with Menger. Mises largely accepts Menger's conception wherein each realm of knowledge may be approached from either the exact or the empirical standpoint. For example, there is the exact discipline of formal logic (the logic of propositions), the exact discipline of mathematics (the logic of the physical world and extended space), and the exact discipline of praxeology (the logic of human action). According to this vision, any subject matter may be approached formally as an "a priori" or "exact" discipline. Starting from this conception, it is relatively easy for Mises to see that most social scientists and social thinkers in his time are not engaged in formal analysis, but are engaged rather in historical, empirical, or normative studies. As he writes: "Up to now the only part of praxeology that has been developed into a scientific system is economics." (U-43) In other words, outside of economics, no one is attempting to approach the myriad social phenomena formally. In his writings, Mises constantly reiterates his theoretical vision in which praxeology is conceived as a formal, exact, or a priori science that studies human action in all its forms. Economics, by contrast, studies only a circumscribed and delimited subset of human actions.

In recent years it has finally begun to occur to those interested in Austrian School scholarship that the discipline of praxeology could perhaps be applied to social phenomena aside from market phenomena. The question is: why has it taken so long for Austrian scholars to take notice of Mises's original vision of a formal discipline that extends beyond economics? The explanation has to do with Mises's two most influential students, Friedrich Hayek and Murray Rothbard.

Hayek

Besides being Mises's most capable student, Hayek had a deeper understanding of praxeology and subjectivist thought than any of Mises's other students. Hayek's two essays "Economics and Knowledge" and "The Facts of the Social Sciences" are important contributions in the field of praxeology and social theory generally. Because Hayek was both capable and knowledgeable, his opinion had influence. Hayek was of the opinion that while praxeology (which he called The Pure Logic of Choice) was an important analytical tool for understanding individual economic agents, it was inappropriate and inapplicable as a tool for studying the interaction *between* economic agents. Hayek drew the conclusion that therefore, praxeology was not an appropriate theoretical framework for studying market phenomena.

What I see only now clearly is the problem of my relation to Mises, which began with my 1937 article on the economics of knowledge, which was an attempt to persuade Mises himself that when he asserted that the market theory was a priori, he was wrong; that what was a priori was only the logic of individual action, but the moment that you passed from this to the interaction of many people, you entered into the empirical field. (HH-72)

Thus, to the extent that Hayek had influence on the direction of Austrian scholarship, his influence served to direct Austrian scholarship away from Mises's theoretical vision, and toward other approaches.

Rothbard

Rothbard is best described as a moralist in the sense that his chief interest as a libertarian social thinker was normative ethics. In libertarian ethics as it was practiced by writers such as Rothbard and Rand, the aim is to demonstrate how a particular action performed by an actor is *good or bad, just or unjust*, etc. (EOL-12,32) By contrast, in the kind of social science practiced by Menger and Mises, the aim is to demonstrate the expected consequences **B** of an assumed action **A**. The normative approach to social phenomena and the scientific approach to social phenomena are entirely different. Whereas Rothbard and Rand approach their subject matter in the spirit of a *judge*, Menger and Mises approach their subject matter in the spirit of a *physicist*.

What confuses many about Rothbard is his advocacy of praxeology and his support of Mises qua economist. Rothbard advocated praxeology, but not because he understood it deeply or because he agreed with Mises's scientific vision. Rothbard advocated praxeology because he supported the conclusions Mises reached regarding the market economy. Rothbard admired Mises's defense of the free-market economy and sought to emulate it. As praxeology was part of Mises's economics, when Rothbard took up Mises's economics, he thereby took up praxeology. However, Rothbard never understood praxeology as Mises understood it. In Mises's theory, the regularity of phenomena, both social and physical, derives from the structure of the human mind:

For, as must be emphasized again, the reality the elucidation and interpretation of which is the task of praxeology is congeneric with the logical structure of the human mind. (U-65)

To a moralist such as Rothbard, this notion was entirely foreign. For Rothbard, the idea that one could study social regularity by studying mental categories was not only puzzling, but such an approach ignored the most important goal of moralist social theory: the definition and characterization of good and bad social actors. In Rothbard's mind, what was needed was a theory of libertarian ethics that could distinguish just from unjust conduct from a libertarian perspective as the basis for a libertarian social and legal order. This concern took precedence in Rothbard's social theory.

In Rothbard's understanding, praxeology served mainly as a foundational preamble or foundational rationale for lending support to the conclusions of free-market economics. He did not think of praxeology as a far-reaching discipline; instead, he thought of it as "the method of economics"—a distinct foundational component of free-market economic theory. To Rothbard, praxeology was something written about in the beginning of an economic treatise that justified the conclusions expressed later in the treatise.

That Rothbard had no interest in praxeology except as a foundational preamble to free-market economics is readily apparent. Rothbard's defining life's work, *The Ethics of Liberty*, was written after he had assimilated and reflected on Mises's teachings. The subject matter of *The Ethics of Liberty* is the social sphere of politics, i.e., violence and non-violence used as modes of interpersonal relations. (EOL-25) These are precisely the kinds of non-economic social phenomena that Mises conceived would one day become the subject matter of praxeological study. But though Rothbard had studied under Mises for several decades and wrote vigorously in defense of praxeology, he somehow overlooked the possibility of studying politics and interpersonal violence as a branch of praxeology. In fact, in *The Ethics of Liberty*, Rothbard explicitly distanced himself from both subjective value theory and value-free analysis (EOL-

12,26)—which taken together largely constitute praxeology—and he argued forcefully that Mises’s praxeological approach to social phenomena was deficient. (EOL-206-214)

Regardless whether one is a proponent or opponent of Rothbard’s social theories, the scholarly paradigm he promoted and practiced (praxeology for economics, normative disciplines for interpersonal actions) had a wide and lasting influence on Austrian School scholars. This explains why there have been few, if any, attempts to extend praxeology until recently. Rothbard’s influence in this regard was aptly noted in a recent paper:

An enduring puzzle facing readers of Ludwig von Mises is his view, stated for example in *Human Action* (1998, 3) that economics is the “hitherto best-elaborated part” of praxeology. Nearly 900 pages of economic theory follow, leaving no doubt as to the dominant initial position of economics as a branch. Rothbard speculates about the possibility of other “sub-divisions” of praxeology in *Man, Economy, and State* (2004, 72–74). He distinguishes “praxeology and economics” from other fields such as ethics, psychology, and history. This is based on praxeology’s categorical interest in means and ends as such without reference to any particular means or end.

However, such accounts of “praxeology and economics” leave little space for a sphere of content for praxeology to call its own, independent of economics. Rothbard writes that, “With praxeology as the general, formal theory of human action, economics includes the analysis of the action of an isolated individual (Crusoe economics) ...” (74). While the proposed distinction appears to be between “general and formal” and greater specificity, this sentence could generate confusion because “Crusoe economics” is a fictional device to explain the most fundamental concepts of praxeology itself—from ends and means to production to time-preference. Rothbard’s comment comes at the end of the chapter called “Fundamentals of Human Action,” which uses Crusoe to explain the most fundamental praxeological concepts. This could leave the impression that “economics,” as represented by “Crusoe economics,” has on day one moved in to occupy all of the identifiable territory in this new land of praxeology, taking as its own any and all content that might otherwise be assigned to a core of praxeology itself—an independent core that could be shared with other possible “branches” or “sub-divisions” besides economics.

Unsurprisingly, economics has remained the dominant branch of praxeology decades later, and only a few writers have speculated on what other branches might be. (See: Konrad Graf, “Action-Based Jurisprudence: Praxeological Legal Theory in Relation to Economic Theory, Ethics, and Legal Practice,” *Libertarian Papers*, Vol.3, Art. No. 19 (2011).)

In the opening pages of *Human Action*, Mises the historian relates the bifurcation that existed in social science before modern subjectivist economics:

Until the late nineteenth century political economy remained a science of the “economic” aspects of human action, a theory of wealth and selfishness. It dealt with human action only to the extent that it is actuated by what was—very unsatisfactorily—described as the profit motive, and ***it asserted that there is in addition other human action whose treatment is the task of other disciplines.*** (HA-3) (emphasis added)

This is the conception of the social sciences that Rothbard held, a conception that is only now being called into question.

A Recent Attempt

Now that scholars working in the Austrian School tradition are beginning to understand something about Mises’s vision of praxeology as distinct from Rothbard’s, nascent attempts to extend praxeology beyond economics are surfacing. One recent attempt is an essay entitled “An Outline of a Praxeological Theory of Politics” by Matei A. Apavaloaei. In his paper, the author argues that “politics/political science can be thought of as a praxeological sub-discipline, next to economics and praxeological ethics” and he attempts to delimit and define a praxeological field of politics.

Apavaloaei’s thesis that politics can be thought of as a sub-discipline of praxeology is, of course, just a restatement of what Mises wrote in 1962:

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. (U-98)

The author’s main theoretical effort is an attempt to define politics as a branch of praxeology. Toward that end he provides the following definitions:

Politics is going to be defined as the discipline that studies the logic implied by a specific form of human interaction: one individual living off the efforts of another by extracting his resources.(91)

Politics as the field that analyzes coercive action aimed at extracting resources.(92)

Politics analyzes the logic of coercion as it emerges from the interaction between an aggressor (bandit or state) and a victim.(110)

Politics is interested in the logic of one individual living off the efforts of another.(110)

Politics, on the other hand, considers only the aggressor as playing an active part in what concerns the use or threat of force. His goal is to extract resources.(110)

The study of politics involves the application of praxeological reasoning to a specific human endeavor: the extraction of resources by coercive means.(111)

The use of coercion as a means of one individual extracting resources from another.(115)

We have defined politics as the discipline that studies the logic implied by a specific form of human interaction: one individual living off the efforts of another by extracting his resources.(120)

From the definitions provided, we can see the intended meaning of the author. Libertarian social theory (as distinct from economics) is largely concerned with the use of coercion as a means of social interaction. In non-libertarian society, coercion, or the threat of coercion, is employed to “extract resources” from unwilling citizens. Citizens of non-libertarian society must pay taxes and fulfil various mandates or face imprisonment or physical harm. This is what the author has in mind with his definition of politics as one individual extracting resources from another by coercive means.

The suggested definition—politics is the extraction of resources by coercive means—may be adequate in the context of a classroom discussion, or a debate, or a correspondence among fellow libertarians. In an informal setting, loose and imprecise definitions, or definitions containing moral or ethical connotations, may be acceptable. However, praxeology is a formal discipline, not an informal discussion about one’s preferred norms of conduct.

What exactly is coercion? The answer will vary widely depending on whom one asks. A libertarian’s definition of coercion will be different from that of a socialist. A feminist’s definition of coercion will be different from that of a religious fundamentalist. An environmentalist’s definition of coercion will be different from that of a mining executive. In a theoretical context, if we have identified a phenomenon that we classify as coercion, is it not possible to define the essential characteristics of coercion in a formal sense? Is coercion something that only non-libertarians do to libertarians in order to “extract their resources”? Or is coercion something that everyone does at various times and places? Is coercion an activity that is only practiced by certain unethical people? Or is coercion a universal phenomenon of human action? It is unclear whether the author has done any thinking about the nature of coercion.

And what precisely is “living off the efforts of another” or “extracting his resources”? If a mother instructs her child to do house chores and threatens punishment if the child refuses, does the mother meet the definition of politics intended by the author? If so, then this moves us in the direction of a more general and formal definition of politics. Then politics is conceived as something that everyone does at various times and places. If not, then the author’s

proposed definition will need further distinctions and qualifications. As the author's definition now stands, it lacks the formality required of a praxeological definition or category. The definition provided by the author is essentially a restatement of the libertarian grievance vis-à-vis mainstream society: Mainstream society extracts our resources by coercive means. This is unfair!

The Nature of Coercion

If we are working in the Austrian School tradition, the first thing to make explicit is the distinction between the objectivist and the subjectivist account of social phenomena. Austrian School social theory was founded on the concept of subjective value and on methodological individualism. By contrast, in objectivist social theory, subjectivism, the concept of subjective value, and methodological individualism, are abandoned in favor of an (usually implicit) objectivist approach.

It is a well-established principle of subjective action theory that the activity a person is engaged in is entirely a matter of the intention he is acting with. (See: Hayek, "The Facts of the Social Sciences"; Searle, *Minds, Brains and Science*, 1984, p. 57-84; Schutz, *The Phenomenology of the Social World*, 1972, p. 32; Mises, *Human Action*, 1966, p. 43.)

It is easily seen that all these [social] concepts refer not to some objective properties possessed by the things, or which the observer can find out about them, but to views which some other person holds about the things ... If we wish, we could say that all these [social] objects are defined not in terms of their "real" properties but in terms of opinions people hold about them ... Whenever we interpret human action as in any sense purposive or meaningful ... we have to define both the objects of human activity and the different kinds of actions themselves not in physical terms but in terms of the opinions or intentions of the acting persons ... (Hayek, "The Facts of the Social Sciences")

What the person is really doing, or at least what he is trying to do, is entirely a matter of what the intention is that he is acting with ... The explanation of an action must have the same content as was in the person's head when he performed the action or when he reasoned toward his intention to perform the action. (Searle, *Minds, Brains and Science*)

For it is obvious that an action has only one subjective meaning: that of the actor himself. It is **X** who gives subjective meaning to his action, and the only subjective meaning being given by [observers] **F** and **S** in this situation are the subjective meanings they are giving to their own actions, namely, their actions of observing **X**. (Schutz, *The Phenomenology of the Social World*)

We can see a crowd, i.e., a multitude of people. Whether this crowd is a mere gathering or a mass ... or an organized body or any other kind of social entity is a question which can only be answered by understanding the meaning which they themselves attach to their presence. And this meaning is always the meaning of individuals. Not our senses, but understanding, a mental process, makes us recognize social entities. (Mises, *Human Action*)

Thus, at the outset, we will make it explicit that our intention is to arrive at a subjective conception or definition of coercion, not an objective one.

To arrive at a formal definition of coercion, we begin with the phenomenon of action. Generally, action is an attempt to attain a given situation or state of affairs. We will simplify this by saying that *action is an attempt to attain X*. I, as an acting subject, attempt to attain *X*.

In addition to the things I *attempt* to attain (for example, walking right now to the other side of the room), there are things I believe I *have* attained (such as the house in which I am walking). That is, as distinct from those things I am pursuing, there are other things that I believe are in my possession, or that I can depend on in a certain way, such that I do not have to try to attain them. For example, I am safe right now (as I understand it), and thus I do not have to attempt to attain safety. I own a car right now (as I understand it), and thus I do not have to attempt to attain a car, and so on. We will simplify this by saying that as an acting subject, *I have attained Y*.

As a conscious acting subject, I am familiar with these “categories of action” and I assume that these categories of action are the same for other beings whom I identify as acting beings (i.e., other humans). Thus, when I approach another being (**A**) who I believe to be an acting being, I have, or believe that I have, knowledge of the general workings of **A**’s mind or consciousness. I have several options in interacting with **A**. For example, I may try to help **A** attain the *X* I believe **A** is attempting to attain, or I may try to prevent **A** from attaining the *X* I believe he is attempting to attain. I may also offer to do an exchange with **A**, in which I offer to **A** the *X* that **A** attempts to attain (as I understand it) while **A** offers me the *X* I am attempting to attain.

Yet another option is available to me. If I believe **A** has attained *Y*, I may try to make *Y* “unattained” for **A**, and then offer *Y* back to **A** in an exchange. For example, I may believe that **A** has attained comfort (i.e., **A** is not in pain). One of my options in dealing with **A** is to twist **A**’s arm in order to make the *Y* that was attained for **A** (comfort), something that **A** attempts to attain (comfort becomes an *X* for **A**), and then offer *X* back to **A** in an exchange. For example, I might twist **A**’s arm and command: “give me your money and I’ll let go of your arm.” When I do this, I perform the action that we identify as *coercion*.

Thus, coercion, as we will conceive it, is a specific kind of trade or exchange. Coercion in our conception is not identical to violence, assault, fraud, or aggression. Coercion is a specific *means* that I may attempt to employ in interaction with another entity I believe to be an acting being. It is a specific interactive technique that I may employ, based on my first-hand knowledge of the workings of the action categories.

We have thus arrived at a formal definition of coercion that is devoid of moral or ethical connotations. Whenever I, an acting being, attempt to make **Y**, which I believe **A** has attained, something “unattained” for **A**, and then offer that thing back to **A** in an exchange, I practice coercion.

This definition of coercion is not only formal, but it is grounded in fundamental action categories. It is also a *subjective* definition of coercion that corresponds to the meaning of the action as the actor himself intends it (not a so-called objective definition of coercion rendered from the point of view of an observer, or a definition of coercion according to a particular political ideology). Lastly, our definition of coercion is “value-free.” We make no attempt to judge whether the act of coercion is good or bad, just or unjust. We make no attempt to associate the phenomenon of coercion with a concrete political group or party. We only attempt to conceive the essential or universal aspects of the action of coercion. The goal is not to identify individual coercers so that we may correctly apply disapproval or punishment in the social arena. The goal is to conceive coercion formally so that we may gain insight into the formal implications of this action.

The Procedure of Praxeology

A common notion about the procedure of praxeology holds that beginning from the “action axiom,” one proceeds by deductive or logical reasoning to draw further conclusions and implications. This notion, though partially correct, is not fully correct or accurate. When I, an acting subject, study human action, the primary starting point is not an abstract “action axiom” that I read about in a book or essay. The starting point of my studies is my first-hand experience of the phenomenon of action—the attempt to reach a goal—as I experience this phenomenon in my own conscious awareness.

The scope of praxeology is the explication of the category of human action. All that is needed for the deduction of all praxeological theorems is knowledge of the essence of human action. It is a knowledge that is our own because we are men ...The only way to a cognition of these theorems is logical analysis of our inherent knowledge of the category of action. We must bethink ourselves and reflect upon the structure of human action. Like logic and mathematics, praxeological knowledge is in us; it does not come from without. (HA-64)

Furthermore, praxeological knowledge is not attained exclusively by applying a formal reasoning process, in chain-like fashion, to an assumed premise or axiom. For example, if I, an acting subject, attempt to coerce someone, this implies that I have located, in my conscious field, a being or entity I believe possesses the same consciousness categories I myself possess. When I locate such a being, I never actually observe any action categories or consciousness categories, though I believe these categories reside with the being I have located. These are two important praxeological insights, but they are not necessarily attained by an application of verbal mathematics to an assumed axiom of action. Rather, insights such as these may be attained by contemplating the nature, form, and patterns of the conscious activity in question.

Conclusion

The social-scientific discipline that Ludwig von Mises named praxeology derives from Carl Menger's conception of theoretical exact science. After the passing of Mises in 1973, praxeology, as a discipline that studies human action in all its forms, was not seriously pursued. This is because two of Mises's most influential students had serious misgivings about Mises's praxeological vision. Hayek believed that praxeology was not an appropriate framework for studying market phenomena and social interaction. Rothbard was primarily interested in ethics. He referred to praxeology as "the methodology of economics," conceiving it narrowly as a kind of foundational reasoning or preamble that precedes free-market economic theory. (MR, 1976) Thus, when Rothbard turned to examine noneconomic forms of human action such as violence and aggression, he abandoned praxeology altogether, along with theoretical subjectivism, a core principle of Austrian School social analysis.

Recently, libertarian writers sympathetic to Austrian Economics have begun to reexamine Mises's conception of praxeology and have finally realized that praxeology as Mises conceived it is not synonymous with economics. Actions based on identical monetary or commodity units are only a subset of the actions we perform. All of our other "non-economic" actions, including direct, person-to-person interactions, can be the subject matter of praxeological study. It has taken over fifty years to reach this modest level of understanding.

Unfortunately, just as praxeology is not the same as economics, objectivism is not the same as subjectivism. It was not only Mises's classification scheme that was overlooked for decades, but just as importantly, the subjectivist approach. Theoretical subjectivism is the technique of studying phenomena as they appear from the point of view of the individual actor, rather than how they "exist" in "objective reality." When praxeology was abandoned, so too was theoretical subjectivism. If praxeology is revived, so too will subjectivism be revived.

Sanchez on Praxeology

Daniel Sanchez has posted his views on praxeology on his website. I read through the first two parts of the series and here are my comments and insights.

Praxeology and Economics

For what follows, it will be useful to distinguish between economics (what Mises called *catallactics*) and praxeology. The focus of economics is market phenomena. As Mises writes:

There have never been any doubts and uncertainties about the scope of economic science. Ever since people have been eager for a systematic study of economics or political economy, all have agreed that it is the task of this branch of knowledge to investigate the market phenomena, that is, the determination of the mutual exchange ratios of the goods and services negotiated on markets, their origin in human action and their effects upon later action. The intricacy of a precise definition of the scope of economics does not stem from uncertainty with regard to the orbit of the phenomena to be investigated. It is due to the fact that the attempts to elucidate the phenomena concerned must go beyond the range of the market and of market transactions. (HA-232)

As is well established, the central concept in the Misesian system is the concept of *action*. What is action? “Any conscious behavior counts as action—an action is anything that you do on purpose.” (GO-18) An action is a *means* and an *end* taken as a unified or singular entity. When the end at which I aim is taken together with the means I utilize toward reaching that end, and considered as a single entity, this entity is an *action*. This action and its formal structure (its structure without regard to specific content) is the focus of praxeology.

HA-32 “Praxeology is a theoretical and systematic, not a historical, science. Its scope is human action as such, irrespective of all environmental, accidental, and individual circumstances of the concrete acts. Its cognition is purely formal and general without reference to the material content and the particular features of the actual case.”

HA-51 “The cognition of praxeology is conceptual cognition. It refers to what is necessary in human action. It is cognition of universals and categories.”

HA-47 “Praxeology is not concerned with the changing content of acting, but with its pure form and its categorical structure.”

HA-44 “[praxeology] does not concern itself with the accidental and environmental features of this action and with what distinguishes it from all other actions, but only with what is necessary and universal in its performance.”

We may define those features of action that may be present in some actions but not in other actions as *the concrete or empirical content* of action. When we study the content of action as distinct from the universal features of action, we are in this respect not involved in *praxeological* study, but rather in *thymological* or *historical* study. The results of a thymological or historical analysis will not apply to all actions because the analysis will draw conclusions from facts that are not present in all actions.

The focus of economics is that subset of human activity involving market exchange, money prices, and monetary calculation:

Not logical or epistemological rigor, but considerations of expediency and traditional convention make us declare that the field of catallactics or of economics in the narrower sense is the analysis of the market phenomena. This is tantamount to the statement: Catallactics is the analysis of those actions which are conducted on the basis of monetary calculation. (HA-234)

Obviously, the realm of market exchange is not identical to the realm of “direct” interpersonal human action. We need only consider these two groups of social phenomena:

1. Production, consumption, service, saving, selling, buying, pricing, demand.
2. Love, hate, respect, betrayal, jealousy, trust, affection, dishonesty, coercion.

Nor are these two realms identical to the realm of isolated actions or mental actions—those actions done in isolation without regard to market exchange or direct interpersonal exchange. Consider the following group of phenomena:

3. Contemplating, thinking, observing, looking, whistling, resting, walking, typing.

All three groups above list conscious activities (i.e., actions). When we study the realm of market exchange (group 1) we differentiate a related group of content from other possible groups of content. In so doing, we study a particular and contentual aspect of human action, not human action in general (not those aspects that all actions have in common).

In Sanchez’s conception, the line between praxeology (the general science of human action) and economics (the study of market phenomena) is not clearly drawn or explained. His analysis entitled “Praxeology Restated” is written using terms such as *production*, *production good*, *products*, *stock*, *capital*, *capital good*, *labor*, *consumption*, etc. These are clearly “economic” terms which have been constructed by economists for the specific purpose of analyzing market phenomena. Are we to now think of these terms as referring to pure praxeological action categories, just as easily applied to the actions of *loving* or *thinking* as to the actions of *buying* and *selling*? Is the goal to reinterpret economic concepts as praxeological concepts? This is not clear in Sanchez’s treatment.

Scarcity

In the last decade, much has been made about the notion of scarcity. Libertarian writers such as Stephan Kinsella have tried to use the notion of scarcity as the centerpiece of their normative argument against intellectual property laws. However, with few exceptions, all the works that attempt to make scarcity central to their argument overlook a very simple question. Should we consider scarcity to be an objective feature of nature? Or should we consider scarcity to be a subjective phenomenon in the same way Austrian School social theory considers *value* to be subjective? One rarely sees this issue explicitly raised. In a 2009 article, Bob Schaefer called our attention to the distinction between an objective versus a subjective conception of scarcity:

Kinsella, on the other hand, is intent on objectifying scarcity, i.e., linking the concept (and its supposed omnipotent qualities) to the objective and given qualities of nature. He writes:

“Nature, then, contains things that are economically scarce.” He adds: “Ideas are not naturally scarce.”

<http://praxeology.net/schaefer-molinarisoc09.htm>

Unfortunately, no one paid attention, and the idea of a subjective conception of scarcity fell back into obscurity. Sanchez appears to be utilizing an objective conception of scarcity. He provides a taxonomy of the different kinds of scarcity we may encounter—subtractable, rivalrous, depletable, degradable, super-abundant—but absent is any reference to the idea that scarcity may depend on how the individual actor regards the object in question.

As opposed to the *objective* conception of scarcity that libertarian writers continue to utilize, there exists a simple *subjective* conception of scarcity consistent with the Austrian School concept of subjective value. If an actor attempts to attain some *thing or situation (X)*, this is identical to his not having a wanted *X*. The not having of a wanted *X* is identical to an “insufficient supply” or “short supply” (i.e., scarcity) of *X* from the point of view of the actor. We may thus consider scarcity a subjective phenomenon that is already implied in the actor’s attempt to attain an object or situation. All action entails scarcity to the extent that action is aiming at an end—the attempt to attain something not presently had. The trying to attain something not had is *scarcity* for the individual concerned. As far as praxeology is concerned, the concept of scarcity is redundant in the sense that it is simply another way of conceiving the actor’s attempt to reach an end.

Economization and Allocation

Sanchez considers the notions *economization* and *allocation* to be important praxeological concepts:

“Scarce means must be allocated to competing ends, leaving some ends unpursued. The ends pursued are chosen as recipients of some of the means. Each of those ends will be apportioned a certain quantity of the means. The ends left unpursued are renounced as recipients of any of the means. Such allocation is called *economization*. Scarce means are thus also called *economic goods*.

A definite way of using a means to pursue an end is a *use*. Thus, economization may also be said to be the allocation of scarce means to competing uses.”

However, there is an important distinction to be made between Robbinsian economizing and Misesian praxeology. In Robbins’s conception, economizing, in the sense of comparing different ways of utilizing and allocating resources, is the distinguishing and essential characteristic of action. In Mises’s view, economizing is not an essential characteristic of action but rather only one possible mode of action. Kirzner explains:

Economizing consists in the allocation of scarce resources among competing ends. Acting, in the praxeological sense, consists in selecting a pattern of behavior designed to further the actor’s purposes. Of course, the particular allocation that, in any given situation, will be made of scarce means in respect of different ends will constitute a course of action, a pattern of conduct designed to further the achievement of as many of those goals (in their preferred order) as possible. But the concept of action is wider and at the same time more fundamental than that of economizing. Although action may be described in terms of ends and means, such a description is quite different from that of an operation of economizing. In the concept of economy, ends and means constitute a scheme more or less artificially imposed on action so that the relative valuations of ends can be reflected in the specific pattern in which resources are allocated. The essential idea becomes, not the intent pursuit of a set purpose, but the almost mechanical translation of the scale of “ultimate” ends into appropriately apportioned shares at the level of means. “Means” are *required* for the notion of economy because they are the entities that must be “allocated”; it is in the *comparison* of different ways of utilizing resources that economizing finds its place.

With the broader notion of action, on the other hand, we are not primarily interested in the particular pattern in which resources will be apportioned among ends. Such an allocation, if carried out, will be of interest as one of the possible *implications* of action and will, of course, as such, find a place somewhere in the science of human action. But on the basis of Robbins’ conception of the nature of economic science, economics can achieve homogeneity and individuality *only* by virtue of its concern with the existence of such operations of comparison and allocation of means. The praxeological approach, on the other hand, finds a basis for the homogeneity and individuality of economics at a deeper level, which does not necessarily require a clearly recognizable pattern of allocation. This basis is found in the fundamental characteristic of action, viz., that it is conduct directed at the achievement of a purpose. (EPV-161-2)

In other words, the Robbinsian notion of economizing (comparison and allocation) is *distinct* from Mises's conception of praxeology. From the praxeological point of view, economizing is one possible mode of action, not a universal feature of action, and therefore, economizing is not a praxeological concept.

The Scale of Values

As is often the case, it is important to distinguish between the notion of value as Mises conceived it, and the quasi-objective notion of "scale of values" as Rothbard and others conceive it. Sanchez proposes the objective version rejected by Mises. He writes:

This hierarchy of ends is called a *value scale*. The further up the scale an end is, the higher it is said to be *valued*.

By contrast, here is Mises's conception:

People have often failed to recognize the meaning of the term "scale of value" and have disregarded the obstacles preventing the assumption of synchronism in the various actions of an individual. They have interpreted man's various acts as the outcome of a scale of value, independent of these acts and preceding them, and of a previously devised plan whose realization they aim at. The scale of value and the plan to which duration and immutability for a certain period of time were attributed, were hypostatized into the cause and motive of the various individual actions. Synchronism which could not be asserted with regard to the various acts was then easily discovered in the scale of value and in the plan. But this overlooks the fact that the scale of value is nothing but a constructed tool of thought. The scale of value manifests itself only in real acting ... It is therefore impermissible to contrast it with real acting and to use it as a yardstick for the appraisal of real actions. (HA-102)

In Mises's conception, a thing (**X**) can be said to be "valued" only by being sought by an actor. When an actor attempts to attain **X** we may define this attempt to attain **X** as "valuing **X**." This is what Mises means in writing "The scale of value manifests itself only in real acting." By contrast, in the conception proposed by Sanchez, **X** can be said to be "valued" merely by appearing on an imagined or written "value scale" of the actor. In this latter conception, an actor may claim (or write or imagine) that the highest thing on his "scale of values" is to buy a clock, and yet in the next instant buy some socks. In Mises's conception this would be considered nonsensical. To Mises, things are valued only in being sought in action:

Neither is value in words and doctrines. It is reflected in human conduct. It is not what a man or groups of men say about value that counts, but how they act. (HA-96)

But this overlooks the fact that the scale of value is nothing but a constructed tool of thought. The scale of value manifests itself only in real acting ... (HA-102)

The assignment of orders of rank through valuation is done only in acting and through acting. (HA-120)

Thus, in each action, that thing, **X**, is “valued” which is sought or done in action. For example:

Action 1: Actor **asserts** “The most important thing for me is to buy a clock.” (the thing *done* was making this assertion)

Action 2: Actor **buys** some socks. (the thing *done* was buying socks)

Strictly speaking, there is no “scale of values” but rather a sequence of actions and thus a sequence of values (a sequence of things sought or done in action). In Mises’s conception there cannot be several things (**X**, **Y**, and **Z**) all of which are simultaneously “valued” to different degrees. There can only be thing **X** valued in action 1; thing **Y** valued in action 2; thing **Z** valued in action 3; etc. The actor does not “value” **X**, **Y**, and **Z** simultaneously by symbolizing them in an imagined or written scale or plan. This is why Mises writes:

[People] ... have disregarded the obstacles preventing the assumption of synchronism in the various actions of an individual ... Synchronism which could not be asserted with regard to the various acts was then easily discovered in the scale of value and in the plan.

The conception “scale of values” allows the theoretician to claim synchronism (or simultaneity) in the actor’s “valuing” of multiple objects. Mises argues that this is wrong, and we can only designate as “valued” those things actually pursued or actualized in action. If an actor *imagines* or *sketches* a scale of his values, or *draws up plans* for a future action, these are all *actions*. Given that the actor is doing them or has done them, we may say the actor values or valued doing them. The concrete plan or scale that was written or imagined during these actions has no necessary bearing on a separate action of the actor. As Mises explains in a slightly different context:

It may be very interesting that yesterday goals were set for today’s acting other than those really aimed at today. But yesterday’s plans do not provide us with any more objective and nonarbitrary standard for the appraisal of today’s real acting than any other ideas or norms. (HA-102-3)

The Law of Marginal Utility

Sanchez conceives the law of marginal utility as a praxeological law (as does Mises) that applies to all means utilized in action:

The Law of Marginal Utility applies to all means, whether they are used to directly pursue ultimate ends (as consumption goods) or are used to indirectly pursue ultimate ends (as production goods), or both. The less of a means in a person’s stock, the more

valuable is the ultimate end, whether pursued directly or indirectly, that depends on any given amount of it: that is, the higher is its marginal utility. The more of a means in a person's stock, the less valuable is the end, whether pursued directly or indirectly, that depends on any given amount of it: that is, the lower is its marginal utility.

However, conceiving the law of marginal utility as a praxeological law is a mistake if we are speaking about the law in its traditional or standard form. The law of marginal utility in its traditional or standard formulation applies only to a special circumstance in human action: the case in which an actor possesses a homogeneous supply (supply of identical units) and either increases or decreases his supply of these units. Here is Mises's explanation of the law of marginal utility:

The judgment of value refers only to the supply with which the concrete act of choice is concerned. A supply is *ex definitione* always composed of homogeneous parts each of which is capable of rendering the same services as, and being substituted for, any other part ... All parts—units—of the available stock are considered as equally useful and valuable if the problem of giving up *one* of them is raised. (HA-122)

Here is Hoppe's definition of the law of marginal utility in *Economic Science and the Austrian Method*:

Whenever the supply of a good increases by one additional unit, provided each unit is regarded as of equal serviceability by a person, the value attached to this unit must decrease. (ES-14)

The law of marginal utility only applies to the special case in human action in which the actor possesses a homogeneous stock or supply and either increases or decreases his stock. The law of marginal utility (in its standard or traditional form) does not apply to those actions in which the actor neither increases nor decreases a homogeneous stock of supply.

There are at least two important problems in the relationship between the law of marginal utility and praxeology.

Problem 1:

Here is how Mises describes the focus of praxeology:

HA-32 "Praxeology is a theoretical and systematic, not a historical, science. Its scope is human action as such, irrespective of all environmental, accidental, and individual circumstances of the concrete acts. Its cognition is purely formal and general without reference to the material content and the particular features of the actual case."

HA-51 "The cognition of praxeology is conceptual cognition. It refers to what is necessary in human action. It is cognition of universals and categories."

HA-47 “Praxeology is not concerned with the changing content of acting, but with its pure form and its categorical structure.”

HA-44 “[praxeology] does not concern itself with the accidental and environmental features of this action and with what distinguishes it from all other actions, but only with what is necessary and universal in its performance.”

It seems clear that Mises considers praxeology to be the study of only those aspects of action that all actions have in common; those aspects of action that are necessary and universal in the performance of an action. If action does not necessarily and universally require the relinquishing or obtaining of units of a homogeneous supply, then the law of marginal utility only applies to a specific, concrete, situation in action, a situation that is present in some actions but not present in other actions. The fact that a particular action involves a homogeneous stock would seem to be an “environmental, accidental, and individual circumstance of the concrete act” and a “particular feature of the actual case.” The fact that action **A** involves a homogeneous stock whereas action **B** does not, implies we are dealing with concrete or empirical content—with a feature that *differentiates* act **A** from act **B**. This is in conflict with Mises’s explicit conception of praxeology as concerned with only the universal aspects of action.

Problem 2:

The so-called “scale of values” (a written or imagined entity) does not determine what the actor “values” at a later time or in a different act. If I draw up a supposed scale of my own values, or concentrate on imagining one, then I have chosen to perform these actions (drawing or imagining a value scale) over all other possible actions. I have chosen to write or imagine a value scale, and thereby demonstrated that I valued doing so. The fact that the drawn or imagined scale lists a number of things in order (car, bike, shirt, gum, etc.) says nothing necessary about what my next action will be. My next action may be combing my hair. This is what Mises means in writing:

Neither is value in words and doctrines. It is reflected in human conduct. It is not what a man or groups of men say about value that counts, but how they act. (HA-96)

But this overlooks the fact that the scale of value is nothing but a constructed tool of thought. The scale of value manifests itself only in real acting ... (HA-102)

The assignment of orders of rank through valuation is done only in acting and through acting. (HA-120)

Thus, we designate as “valuable” or “valued” those things we conceive have been sought or attained in action. **X** is considered “valuable” because actor **A** seeks to attain **X**, or has attained **X**, or because **X** occupies a specific categorical position in the action theory in question. If **X** is considered valuable because it is sought or attained in an action, and if **Y** has neither been

sought nor attained in an action, then **Y** is not “less” valuable than **X** (valuable, but “less so” than **X**), but simply “non-valued.” (**Y** was not sought or attained in an action as was **X**) For **X** to be considered “more” or “less” valuable than **Y**, both **X** and **Y** must be “valued” (i.e., sought or attained in action) and the resulting “valuation magnitudes” compared. It is a theoretical error to refer to a secondary “valuation” **Y** as having “increased” or “decreased” if **Y** has not been valued in an action.

Thus, the terms “increase in value” and “decrease in value” imply two acts of valuation, and this is the theoretical shortcoming in the traditional or standard formulation of the law of marginal utility. Because the law of marginal utility *implies* two acts of valuation, this raises the possibility of a time increment between the two acts, which in turn raises the problem of an intertemporal comparison of two valuations. Consider a case in which an actor with four identical coins uses one coin to purchase gum today and then uses one coin to purchase chocolate tomorrow. Does this prove that the actor values gum more (or less) than chocolate and that he therefore values today’s spent coin more (or less) than tomorrow’s spent coin?

The essence of the law of marginal utility is the idea that an actor, in choosing **X** instead of **Y**, values **X** “more” than **Y**. Since it is theoretically problematic to claim that a thing sought earlier in time is always considered more valuable than a thing sought later in time, we are forced to seek an explanation that does not involve temporal separation between two acts of valuation. This leads us to a theoretical formulation in which an actor chooses **X** when he *could have* chosen **Y**. This formulation, referring to only one act of choice in *explicit* terms, avoids the problem of temporal separation, but it introduces a different problem. Since we assume **Y** wasn’t chosen by the actor, this means **Y** wasn’t “valued” by the actor (as argued previously). Thus, theoretically, **Y** has **no attribute** of value, not having been sought or attained by an actor. Because **Y** has no attribute of value, precisely speaking, we cannot say that **Y** has “more” or “less” value to the actor than does **X**. **X** and **Y** are in this sense incommensurable; they cannot be judged or measured by the common standard of “value.”

The problem is that binary terms such as: least urgent/most urgent, smallest satisfaction/largest satisfaction, least important/most important, less valuable/more valuable, etc., imply two acts. If two acts are explicitly described in the formulation of the law, this introduces the problem of temporal separation. If the law is formulated in terms of only a single act **X**, then the problem shifts to terms such as more/less or larger/smaller that express a comparison of commensurable attributes, implying a second action by explicit reference.

The problem can be further elucidated if we put forth a simplified version of the law of marginal utility. The law of marginal utility expresses a necessary relationship between an actor’s supply and his valuing of that supply. We can easily conceive that when an actor attempts to attain **X** (an object or situation) this constitutes his valuing of **X**. Similarly, when an actor attempts to attain **X**, this constitutes his seeking a “supply” of **X** (“supply” here meant in the most general sense as a thing or situation the actor seeks because he currently lacks it). And thus, supply and value are necessarily related in action because the act through which an actor values **X** is the same act through which he seeks a supply of **X**.

This conception refers to only one action thus avoiding the problem of temporal separation. Furthermore, this conception requires no *physical* conceptual pairs such as “increase/decrease,” “more/less,” “higher/lower,” “internal/external,” etc. This simplified expression of the law of marginal utility is confined to saying something about the *logic* of action. It expresses an identity relationship. It does not try to say anything about the *physical aspects* of action—those aspects that may be measured or compared in terms of size, position, magnitude, intensity, etc.

On Classifying the Phenomena of Nature and the External World

In an introduction to praxeology, one often finds an attempt to distinguish between the objects of nature and physical processes on the one hand, and human actions on the other hand. Sanchez writes:

Action does not include non-purposeful change. For example, let us say a piece of wood from Crusoe’s ship also rises to the surface. This is not an action. The wood was not pursuing an end. It naturally floats in water due to its physical properties.

Non-purposeful changes are called natural phenomena.

Other natural phenomena include: lightning strikes, plant growth, chemical reactions, heartbeats, erosion.

It is worthwhile to note that these distinctions are of little theoretical value since all phenomena of the natural world become praxeological phenomena simply by considering them objects of action. For example, a lightning strike is *seen*, or *observed*, or *heard*. These are all actions. A chemical reaction is *seen*, or *observed*, or *initiated*, or *described*. These are all actions. There is no need to embark on a taxonomy of the objects of nature. We may translate any physical or “objective” phenomenon into a social or subjective phenomenon simply by conceiving the phenomenon in question as an object of action.

Conclusion

It is a positive development to see young writers take an interest in praxeology. It is also promising to see the growing realization of the breadth and comprehensiveness of Mises’s praxeological vision. One hopes that writers and scholars will begin to reexamine the social thought of Mises with more care and insight and perhaps start to repair some of the damage done by the “praxeology as economics” misinterpretation that has been prevalent for so long. We close with a passage from Israel Kirzner:

“To be sure, the praxeological perspective embraces a range of human action far wider than that usually treated in economic theory. All human actions, motivated though they may be by the entire range of the purposes that have inspired and fired men to act, come within the sway of the ideal praxeological discipline.”

“Economic theory has traditionally dealt with the phenomena of the market, prices, production, and monetary calculation. In these spheres of human activity, theorists have developed constructions that help to explain the regularities these phenomena evince and to bring into clear focus the tendencies for change in these phenomena consequent upon given autonomous changes in the data.”

“The subject matter of economics came to be connected with the material things that are the objects of traffic in the market; it came to be linked peculiarly with the use of money in market transactions or with the specific social relationships that characterize the market system. Where writers came closest to the recognition that these criteria were only accidental characteristics of the affairs upon which economic analysis could be brought to bear, where they were able to glimpse the congenerousness of the specifically economic type of analysis with the underlying *actions* of men, they were unable to follow this clue to the conclusion to which it pointed. Precisely because those features in action that made it susceptible of economic analysis seemed common to *all* human activities, these writers were driven back to look for some other defining characteristic. And this meant again the search for some arbitrary quality to justify selecting the particular slice of pie that made up economic theory; but it meant in addition the relegation yet further into the background of the true recipe of that larger pie from which their conception of economics was being arbitrarily hacked.” (EPV-181-3)

Key

EOL – Rothbard, *The Ethics of Liberty*, 1998

EP – Mises, *Epistemological Problems of Economics*, 1976

EPV – Kirzner, *The Economic Point of View*, 1976

ES – Hoppe, *Economic Science and the Austrian Method*, 1995

GO – Gordon, *An Introduction to Economic Reasoning*, 2000

HA – Mises, *Human Action*, 1966

HH – Hayek on Hayek, 1994

HP – Knott, “Hayek and Praxeology,” 2013

I – Menger, *Investigations into the Method of the Social Sciences*, 1985

IEO – Hayek, *Individualism and Economic Order*, 1980

MR – Rothbard, “Praxeology: The Methodology of Austrian Economics,” 1976

U – Mises, *The Ultimate Foundation of Economic Science*, 2002