

*WORK IN PROGRESS:  
COMMENTS AND CRITICISM WELCOME*

## Wittgenstein, Austrian Economics, and the Logic of Action

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PRAXEOLOGICAL INVESTIGATIONS

Roderick T. Long

Department of Philosophy  
6080 Haley Center  
Auburn University  
Auburn AL 36830  
longrob@auburn.edu

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## Introduction: A Tale of Two Ludwigs

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*Trieste is no Vienna.*

– Gottlob Frege (*CO* 200)

The basic principles of economics are not empirical but *a priori*.

Such is the contention of a number of theorists in the Austrian School<sup>1</sup> – most notably Ludwig von Mises,<sup>2</sup> who originated the view, and his students Friedrich Hayek and Murray Rothbard, who developed and extended it. On their view, the laws of economics are conceptual truths, and economic truth is grounded in an *a priori* science they call *praxeology*,<sup>3</sup> or the “logic of action.”<sup>4</sup> Essentially, praxeology is the study of those propositions concerning human action that can be grasped and recognized as true simply in virtue of an inspection of their constituent concepts.<sup>5</sup>

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<sup>1</sup> This movement is sometimes referred to as the Austrian School *of Economics*, but I find this longer designation misleadingly narrow. While Austrian School theorists (“Austrians,” for short) are best known for their contributions to economics, their interests have always ranged over philosophy and social thought generally. Indeed, some thinkers who must reasonably be regarded as part of the Austrian School, like phenomenologist Alfred Schütz and philosopher of science Michael Polanyi, were not economists at all. Hence I prefer the simple designation “Austrian School” (by analogy with, say, the Frankfurt School).

<sup>2</sup> Ludwig von Mises is the only major economist to lead a double life as a cartoon character; Walt Disney Studios is rumored to have based Ludwig von Drake, eccentric Viennese professor and uncle of Donald Duck, on Mises. In a more recent tribute, DC Comics released a comic book in which Batman attempts to save Mises’ papers from being confiscated and destroyed by the Nazis. Can a team-up with Lara Croft be far behind?

<sup>3</sup> The term was coined by Alfred Espinas, “Les origins de la technologie,” *Revue Philosophique de la France et de l’Étranger* 15 (1890). A keyword search on the internet confirms the following: The term “praxeology,” thus spelled, is largely confined to the Austrian School, and is used with this meaning almost exclusively. By contrast, the variant “praxiology” is used by many different schools of thought in a variety of different senses. To add to the confusion, the French term “praxéologie” and the German term “Praxeologie” now mainly correspond to *praxiology*, not *praxeology*. (I think the term “practology” might actually be etymologically more precise than either, but it looks enough like “proctology” that it hasn’t caught on.)

<sup>4</sup> See, e.g., *EPE* I. 1. 6.

<sup>5</sup> Is praxeology supposed to be a *field of study* (the science of human action), or an (aprioristic) *method* for studying that field? Mises suggests the former, Rothbard the latter. (This divergence was first pointed

Economics is above all *catalactics* – the science of exchange. But, according to Mises, all action is exchange. Even when I am not exchanging goods or services with other people, so long as I am acting at all I am still engaging in what Mises calls *autistic* exchange: I am exchanging a state of affairs I value less for one that I value more.<sup>6</sup> Praxeological economics,<sup>7</sup> accordingly, traces the implications of the logical features inherent in exchange as such, features that must necessarily apply to every action.

As Mises writes:

As thinking and acting men, we grasp the concept of action. In grasping this concept we simultaneously grasp the closely correlated concepts of value, wealth, exchange, price, and cost. They are all necessarily implied in the concept of action, and together with them the concepts of valuing, scale of value and importance, scarcity and abundance, advantage and disadvantage, success, profit, and loss. The logical unfolding of all these concepts and categories in systematic derivation from the fundamental category of action and the demonstration of the necessary relations among them constitutes the first task of our science. (*EPE* I. 2. 1.)

The praxeological approach has always been a hard sell. We live in an empirical age, in which claims to *a priori* knowledge are regarded with suspicion. Mises' *a priori* derivation of the laws of economics can easily strike us as a piece of rationalistic dogmatism, on a par with the claims of Descartes and Kant to have derived the laws of physical motion *a priori*. Mark Blaug's negative judgment on Austrian methodology illuminatingly expresses the temper of our time: "Mises' statements of radical apriorism are so uncompromising that they have to be read to be believed"; they "smack of an antiempirical undertone ... that is wholly alien to the very spirit of science," and are "so

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out to me by Peter Boettke.) But I think the field/method conflict is merely apparent. The definition I've offered is the one that I think is implicit in both Mises and Rothbard: praxeology is the study of *those aspects of action that can be grasped a priori*. Thus the method is constitutive of the field. Likewise Rothbard defines praxeology as "the complete *formal analysis* of human action in all its aspects" (*MES* IV. 8; emphasis added) and as "[t]he *formal implications* of the fact that men use means to attain various chosen ends" (*MES* I. A.; emphasis added).

<sup>6</sup> "The proposition: Man acts, is tantamount to the proposition: Man is eager to substitute a state of affairs that suits him better for a state of affairs that suits him less." (*TH* III. 12. 1.)

<sup>7</sup> The official view is that economics is just one *branch* of praxeology; but considering how broadly the Austrians define economics, it's not clear what other branches of praxeology there could be. (But see Rothbard, *MES* I. A.)

idiosyncratically and dogmatically stated that we can only wonder that they have been taken seriously by anyone.”<sup>8</sup> Richard Langlois, another critic of Mises, writes that “the post-Humean mind rebels at the hubris”<sup>9</sup> of praxeology’s claims to apodictic certainty. In the light of such pronouncements it is perhaps not surprising that Misesian praxeology has often met with a cool reception even from Mises’ fellow Austrian School theorists; David Prychitko, for example, writes that by claiming epistemic access to “timeless, absolute truth embodied by an irrefutable system of thought,” Mises “effectively closes himself off from discourse.”<sup>10</sup> Indeed, despite Mises’ central place in the Austrian tradition, the praxeological approach, as Mises understood it, is now largely confined to the Rothbardian wing of the movement, while many other contemporary Austrians instead turn for methodological guidance to the ideas of Bergson or Gadamer or Popper or Lakatos. Hayek himself eventually abandoned praxeology (or at least de-emphasized it) in favour of a more Popperian stance.<sup>11</sup> Of the three principal centers of Austrian

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<sup>8</sup> Mark Blaug, *The Methodology of Economics; or How Economists Explain*, 2<sup>nd</sup> ed. (Cambridge: Cambridge University Press, 1992), pp. 80-81.

<sup>9</sup> Richard N. Langlois, “Austrian Economics as Affirmative Science: Comment on Rizzo,” p. 82n.; in Israel M. Kirzner, ed., *Method, Process, and Austrian Economics: Essays in Honor of Ludwig von Mises* (Lexington: D. C. Heath, 1982), pp. 75-84.

<sup>10</sup> David L. Prychitko, “Praxeology,” p. 81; in Peter Boettke, ed., *The Elgar Companion to Austrian Economics* (Aldershot: Edward Elgar, 1994), pp. 77-83. Prychitko’s judgment arguably betrays a misunderstanding of the epistemic status Mises claims for his *a priori* insights. As Hans-Hermann Hoppe points out: “[T]he claim of having produced an *a priori* true proposition does *not* imply a claim of being infallible. No one is, and rationalism has never said anything to the contrary. Rationalism merely argues that the process of validating or falsifying a statement claiming to be true *a priori* is categorically different from that of validating or falsifying what is commonly referred to as an empirical proposition. ... Revisions of mathematical arguments are themselves *a priori*. They only show that an argument thought to be *a priori* true is not.” (*DER*, p. 208.) “It seems to be of great importance to first rid oneself of the notion that aprioristic knowledge has anything to do with ‘innate ideas’ or with ‘intuitive’ knowledge which would not have to be discovered somehow or learned. Innate or not, intuitive or not; these are questions that concern the *psychology* of knowledge. In comparison, epistemology is concerned exclusively with the question of the *validity* of knowledge and of how to ascertain validity – and, to be sure, the problem of aprioristic knowledge is solely an epistemological one.” (*TSC*, p. 108.)

<sup>11</sup> John Gray’s claim (*Hayek on Liberty*, 3<sup>rd</sup> ed. (London: Blackwell, 1998), p. 17) that the younger Hayek was never a praxeologist in the Misesian sense seems an exaggeration. As we shall see, both Mises and Hayek recognized a role for empirical considerations in the *application* of praxeological principles. Where they differed is in the relative emphasis they placed on the empirical versus the *a priori* aspects. And Hayek’s later move away from praxeology consists not in any radical break but rather in a steadily continuing shift of that emphasis, and thus a progressive dwindling of the *a priori* aspect in favor of the empirical one.

Those who take Hayek’s 1936 paper “Economics and Knowledge” to be a repudiation (as opposed to simply a call for a more cautious formulation) of praxeology need to take into account the fact that Hayek

thought in the United States – New York University, George Mason University, and Auburn University – only at the latter is praxeology (in the aprioristic sense) still the dominant approach.

It would be a mistake, however, to assimilate Mises' methodological approach to that of Descartes' *Principia Philosophiae* or Kant's *Metaphysical Foundations of Natural Science*. Mises was no fan of armchair reasonings of that sort.<sup>12</sup> What Mises was trying to do is, I think, something quite different (and much more defensible) – though Mises himself may have sometimes lost sight of just how different it was. I propose to reconstruct and defend praxeological apriorism by examining Mises' project through the lens of the surprisingly similar projects of a thinker not often recognized as having had anything to say about economics: Wittgenstein.<sup>13</sup> Such an examination will, I believe, shed light on the strengths and weaknesses of both thinkers – and not just in the area of economics. Perhaps it may also point the way toward healing the rift between “formalist” and “interpretive” approaches to Austrian methodology.

Ludwig Wittgenstein (1889-1951) and Ludwig von Mises (1881-1973) appear to have had no direct interaction, and it is not clear whether either thinker knew much about the other. But they came from the same Viennese cultural milieu, and their indirect connections were many. Mises' own brother Richard, the mathematician, was a member of the Vienna Circle, or *Wiener Kreis*, where Wittgenstein's ideas were a topic of intense interest and study. Wittgenstein met personally with the *Wiener Kreis* during his return to Austria in the late 1920s. The membership of the *Wiener Kreis* overlapped with that of Mises' own circle, the *Privatseminar* or *Miseskreis*: among those scholars who attended

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went on, in the early 1940s, to write the robustly praxeological essays “The Facts of the Social Sciences” and “Scientism and the Study of Society.”

<sup>12</sup> “It is true that some philosophers were ready to overrate the power of human reason. They believed that man can discover by ratiocination the final causes of cosmic events, the inherent ends the prime mover aims at in creating the universe and determining the course of its evolution. They expatiated on the ‘Absolute’ as if it were their pocket watch.” (Mises, *HA* III. 1.)

<sup>13</sup> It may seem odd to invoke, on behalf of *a priori* economic principles, a philosopher who proclaimed that “no part of our experience is at the same time *a priori*. Whatever we see could be other than it is. Whatever we can describe at all could be other than it is. There is no *a priori* order of things.” (*TLP* 5.634.) But one of the lessons that Wittgenstein himself always stressed is that you cannot tell that two people disagree simply by observing that their utterances syntactically contradict one another.

both groups were Herbert Feigl, Felix Kaufmann, and Karl Menger (son of the Carl Menger who founded the Austrian School). The *Miseskreis* and the *Wiener Kreis* each met regularly in Vienna from the early 1920s until the mid-1930s, when both memberships were scattered across Europe and America by the advent of Nazism. Hayek (1889-1992), Mises' most prominent student, was Wittgenstein's cousin, and was influenced by the *Tractatus*, as well as by *Wiener Kreis* thought generally, though he seems to have regarded Wittgenstein personally as a bit mad.<sup>14</sup> Wittgenstein, by Hayek's own account, found Hayek's company somewhat boring, preferring the conversation of economist Piero Sraffa,<sup>15</sup> best known to Austrians for his savage attack on Hayek.<sup>16</sup> Mises himself was generally hostile to logical positivism and may well have thought of Wittgenstein, if he thought of him at all, as just one more logical positivist.

What Mises most disliked about the logical positivists, however, was the thoroughgoing empiricism of their approach to the methodology of the social sciences. As we shall see, on this point Wittgenstein was Mises' ally, not his opponent.

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<sup>14</sup> "Suddenly Wittgenstein leapt to his feet, poker in hand, and proceeded to demonstrate with the implement how simple and obvious Matter really was. Seeing this rampant man in the middle of the room swinging a poker was certainly rather alarming, and one felt inclined to escape into a safe corner." (F. A. Hayek, "Remembering My Cousin Ludwig Wittgenstein," p. 179, in *FL*, pp. 176-181.)

<sup>15</sup> "I am indebted to *this* stimulus [= Sraffa] for the most consequential ideas of this book." (*PI*, Preface.)

<sup>16</sup> "Sraffa's review was an onslaught conducted with unusual ferocity, somewhat out of keeping with the tone ordinarily adopted by book reviewers in the *Economic Journal*." (Ludwig M. Lachmann, "Austrian Economics Under Fire: The Hayek-Sraffa Duel in Retrospect," p. 226; in Wolfgang Grassl and Barry Smith, eds., *Austrian Economics: Historical and Philosophical Background* (London: Croom Helm, 1986), pp. 225-242.)

## From Mises to Frege: The Spectre of Psychologism

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*For praxeology it is enough to establish the fact that there is only one logic that is intelligible to the human mind, and that there is only one mode of action which is human and comprehensible to the human mind.*

– Ludwig von Mises (HA I. 6)

The figure I want to use to link Mises' project with that of Wittgenstein is Gottlob Frege (1848-1925). Frege had nothing to say about economics, but his views can help illuminate what Mises and Wittgenstein did say about economics. Wittgenstein was deeply influenced by Frege; Mises does not seem to have read Frege, but he was arguably influenced by him indirectly, through Husserl.<sup>17</sup> In any case, Mises and Frege shared a common passion (which they pursued with a common talent for spirited and thorough demolition):<sup>18</sup> to defend the universal and timeless character of logic.

At the time when Mises was developing his ideas, the notion of a universally valid economic science was under attack from both the left and the right; and many such critics bolstered their position by assailing the notion of a universally valid logic as well. According to this position, which Mises labeled *polylogism*, the principles of logic vary from one nation, race, class, or historical era to another, and *therefore* the principles of economics must do so as well. The rising totalitarian movements of the time, both communist and fascist, found polylogism an appealing doctrine, because it allowed them to dismiss criticisms from liberal economists as based on a logic restricted in its applicability to, for example, an English, Jewish, bourgeois, or capitalist social context. In Mises' words: "one combats economics because one knows no other way to protect an untenable political program against unfavorable criticism that employs the findings of

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<sup>17</sup> The title of Wittgenstein's chief work, *Philosophical Investigations*, is arguably inspired by *Logical Investigations*, a title employed by both Frege and Husserl for their own works attacking psychologism. (If you're wondering why the present discussion is subtitled *Praxeological Investigations*, wonder no more.)

<sup>18</sup> Stylistically, reading one of them often feels remarkably like reading the other.

science.”<sup>19</sup> The clash between Mises and polylogism was thus an updated and intensified version of the earlier clash between economic universalism and economic historicism that gave birth to the Austrian School in the first place: the *Methodenstreit* between the liberal universalism of Carl Menger, the founder of the Austrian School, and Gustav Schmoller’s German Historical School, the self-proclaimed “intellectual bodyguard of the House of Hohenzollern.”

The evidence offered in favour of polylogism consisted mainly of pointing out the difference in the *contents* of the thoughts of different groups. To this Mises offers a twofold reply. First, these differences in content are largely exaggerated. As Mises writes:

It is a general fallacy to believe that the writings of Lucien Lévy-Bruhl give support to the doctrine that the logical structure of mind of primitive man was and is categorially different from that of civilized man. ... Explorers and missionaries report that in Africa and Polynesia primitive man stops short at his earliest perception of things and never reasons if he can in any way avoid it. European and American educators sometimes report the same of their students. With regard to the Mossi on the Niger Lévy-Bruhl quotes a missionary's observation: “Conversation with them turns only upon women, food, and (in the rainy season) the crops.” What other subjects did many contemporaries and neighbors of Newton, Kant, and Lévy-Bruhl prefer? (*HA* II. 2.)

Mises’ second reply is that even where there are significant differences in *content* between the thoughts of different groups, this does nothing to support the claim that they think in accordance with different principles of logic:

No facts provided by ethnology or history contradict the assertion that the logical structure of mind is uniform with all men of all races, ages, and countries. ... The fundamental logical relations are not subject to proof or disproof. Every attempt to prove them must presuppose their validity. ... He who addresses fellow men, who wants to inform and convince them ... can proceed in this way only because he can appeal to something common to all men – namely, the logical structure of human reason. The idea that *A* could at the same time be non-*A* [the denial of a logical axiom] or that to prefer *A* to *B* could at the same time be to prefer *B* to *A* [the denial of an

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<sup>19</sup> *EPE*, Preface.

economic axiom] is simply inconceivable and absurd to a human mind.  
(*HA* II. 2.)

Mises' insistence on the universal validity of logic was shared by Frege. The primary target of Frege's criticism, however, was not polylogism, but rather, psychologism – the view that the laws of logic and mathematics are simply empirical generalizations about the way the human mind works. John Stuart Mill, for example, had maintained that our knowledge that  $2 + 2 = 4$  is an inductive generalization from our experience that when we take two groupings, each with the characteristic look of a twosome, and we put them next to one another, we see a grouping with the characteristic look of a foursome – a view Frege dismissed as “gingerbread and pebble arithmetic” (*FA* Pref. vii), remarking that it was lucky for Mill that not everything is nailed down. (*FA* 6-7.) And Mises likewise speaks disapprovingly of “Mill's psychologistic epistemology, which ascribed an empirical character even to the laws of thought” (*EPE* I. 1. 7), and maintains that “Under the influence of Mill's empiricism and psychologism, logic was not prepared for the treatment of the problems that economics presents to it.” (*EPE* Pref.)

Did Frege's critique of psychologism influence Mises, at least indirectly? Quite possibly. Frege certainly had an enormous impact on Edmund Husserl, the founder of phenomenology; it was Frege's work that was largely responsible for converting Husserl away from the psychologism of his early *Philosophy of Arithmetic* to the forthright anti-psychologism of his *Logical Investigations* (not to be confused with Frege's later work of the same name). It is in *Logical Investigations* that Husserl takes up the Fregean cudgel against Mill and other psychologists; and it is the *Logical Investigations* that Mises cites favorably for its critique of “psychologism,” “empiricism,” and “historicism.”<sup>20</sup> Hence Mises, like Wittgenstein, may perhaps be seen as working within the tradition of Frege. (However, the question of historical influence is not my present concern.)

For Frege, the fundamental blunder of psychologism is that it confuses *being* true with being *regarded* as true. Logical entailment is truth-preserving; if  $p$  is true, and  $p$  logically entails  $q$ , then  $q$  must be true as well. But if logic is simply a description of how our minds works, then to say that  $p$  entails  $q$  is simply to say that that if you believe  $p$ ,

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<sup>20</sup> *EPE* I. 1. 7 n. 27; 2. 5, n. 67.

that will cause you to believe  $q$ . But from the fact that  $p$  is true and that believing  $p$  tends to cause believing  $q$ , one cannot infer anything about the truth of  $q$ .

With the psychological conception of logic we lose the distinction between the grounds that justify a conviction and the causes that actually produce it. (*L* 159.)

Error and superstition have causes just as much as correct cognition. Whether what you take for true is false or true, your so taking it comes about in accordance with psychological laws. A derivation from these laws, an explanation of a mental process that ends in taking something to be true, can never take the place of proving what is taken to be true. (*LI* 58-59.)

Frege and Mises both insist on distinguishing between the *causes* of a belief and the *grounds* that justify it, and both accordingly express disgust<sup>21</sup> with Karl Vogt's celebrated remark that thought is simply a secretion of the brain as gall is a secretion of the gall-bladder.

Psychologism does not entail polylogism; one can be a psychologist<sup>22</sup> and think that there is, as a matter of fact, one universal logic that applies to all human beings, or even to all rational beings. But psychologism opens the door to polylogism. For on the psychologistic hypothesis, the universality of logic will simply be an inductive generalization, and so a contrary instance cannot be ruled out *a priori*. If logic simply describes the causal relations among our thoughts, then for all we know there might be different sorts of creatures whose thoughts are causally related in entirely different ways – whose operating systems are different, as it were. Frege is well aware of the polylogistic implications of psychologism, and explicitly condemns them, particularly in their historicist form:

If we think of the laws of logic as psychological, we shall be inclined to raise the question whether they are somehow subject to change. ... Just as there may have been a time when it was not normal for our ancestors to

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<sup>21</sup> Frege: *L* 149; Mises: *HA* III. 4, *TH* II. 6. 2, *UFES* I. 7.

<sup>22</sup> Since “psychologist” is taken, some new term is needed to refer to the proponent of psychologism. I owe this one to Thomas E. Wood, *Nagarjunian Disputations* (Honolulu: University of Hawaii Press, 1994), p. 152.

walk upright, so many modes of thinking might have been normal in the past which are not so now, and in the future something might be normal that is not so at the present time. ... If that were so, we should not really be entitled to speak of logical laws, but only of logical rules that specify what is regarded as normal at a particular time. We should not be entitled to express such a rule in a form like ‘Every object is identical with itself’ ... but we should have to say something like ‘At the present time it is normal for human beings – with the possible exception of certain primitive peoples for whom the matter has not yet been investigated – to judge that every object is identical with itself’. (L 159-160.)

The description of the origin of an idea should not be taken for a definition, nor should an account of the mental and physical conditions for becoming aware of a proposition be taken for a proof .... Otherwise we would find it necessary to take account of the phosphorous content of our brain in proving Pythagoras’ theorem, and astronomers would shy away from extending their conclusions to the distant past, for fear of the objection: “You reckon that  $2 \times 2 = 4$  held then; but the idea of number had a development, a history! One can doubt whether it had reached that stage by then. How do you know that this proposition already existed at that point in the past? Might not the creatures living at that time have held the proposition  $2 \times 2 = 5$ , from which the proposition  $2 \times 2 = 4$  only evolved through natural selection in the struggle for existence; and might not this in turn, perhaps, be destined to develop further into  $2 \times 2 = 3$ ?” ... What is called the history of concepts is really a history either of our knowledge of concepts or of the meanings of words. (FA Pref. vi-vii.)

In a similar spirit, Mises writes:

We can think of the evolutionary process that transformed the nonhuman ancestors of mankind into human beings as a succession of small, gradual changes spread over millions of years. But we cannot think of a mind in which the category of action would have been present only in an incomplete form. There is nothing in between a being driven exclusively by instincts and physiological impulses and a being that chooses ends and the means for the attainment of these ends. We cannot think of an acting being that would not *in concreto* distinguish what is end and what is means, what is success and what is failure, what he likes more and what he likes less, what is his profit or his loss derived from the action and what his costs are. (UFES Pref. 7.)

But in disposing of psychologism, has Frege disposed of the kind of polylogism that worries Mises? Not necessarily. We can distinguish between *normative* and *descriptive* versions of polylogism. According to normative polylogism, every group has its own

logic, but they're all correct; each group's logic is valid *for that group*. (In recent times this version of polylogism has been resurrected, or at least re-animated, by the postmodernists.) According to descriptive polylogism, different principles of logic describe the thinking of different groups, but it does not follow that all these different logics are equally valid; one might well be right and all the others wrong.

Frege's distinction between being true and being regarded as true is a good argument against normative polylogism, but does nothing to undermine descriptive polylogism. The descriptive polylogist can happily say that the laws of regarding-as-true differ from one group to another, even if the laws of truth are universal. And Frege in fact recognizes this. For Frege, the laws of logic are *normative* for thought because they are *descriptive* of reality; but *they are not descriptive of thought*:

If one considers, instead of things themselves, only their subjective representations, the ideas, then naturally all the finer objective distinctions are lost, and others appear instead that are logically completely worthless. ... It is the corrupting intrusion of psychology into logic. ... The ambiguity of the word 'law' is fatal here. In one sense it states what is, in another it prescribes what should be. Only in the latter sense can the logical laws be called laws of thought, in laying down how one should think. ... But the expression 'laws of thought' tempts us into viewing these laws as governing thinking in the same way as the laws of nature govern events in the external world. They can then be nothing other than psychological laws, since thinking is a mental process. And if logic were concerned with these psychological laws, then it would be a part of psychology. ... I understand by logical laws not psychological laws of *holding as true*, but laws of *being true*. (FLA I. xiv-xvi.)

Logic is concerned with the laws of truth, not with the laws of holding something to be true, not with the question of how people think, but with the question of how they must think if they are not to miss the truth. (L 161.)

Under Frege's influence, Husserl advances the same conception in *Logical Investigations*, the work that Mises praised:

The task of psychology is to investigate the laws governing the real connections of mental events with one another, as well as with related mental dispositions and corresponding events in the bodily organism. ... Such connections are causal. The task of logic is quite different. It does not inquire into the causal origins or consequences of intellectual

activities, but into their truth-content: it inquires what such activities *should* be like, or how they *should* proceed, in order that the resultant judgments should be true. Correct judgments and false ones ... have causal antecedents and consequences like all mental phenomena. Such natural connections do not, however, interest the logician .... He aims not at a physics, but an ethics of thinking.<sup>23</sup>

But if logic is only an ethics, not a physics, of thinking, then the possibility of thought that contravenes logic is thereby countenanced. Frege writes:

If being true is thus independent of being recognized as true by anyone, then the laws of truth are not psychological laws, but boundary stones set in an eternal foundation, which our thought can overflow but not dislodge. (*FLA* I. xvi.)

If thoughts can “overflow” the boundary stones of logic, then there is no necessary isomorphism between our human patterns of inference and the timelessly valid relations of entailment. But if our thinking can occasionally depart from logic, might there not be other people whose thinking so departs even more radically and systematically? Frege admits this possibility:

But what if beings were even found whose laws of thought directly contradicted our own and therefore frequently led to contrary results in practice as well? The psychological logician could only simply acknowledge this and say: those laws are valid for them, these for us. I would say: here we have a hitherto unknown kind of madness. Anyone who understands logical laws as prescribing how one should think, as laws of *being true*, not as natural laws of human beings’ *holding as true*, will ask: who is right? Whose laws of *holding as true* are in accord with the laws of *being true*? The psychological logician cannot ask this, since he would thereby be recognizing laws of *being true*, which would not be psychological. (*FLA* I. xvi.)

From the fact that Frege describes such illogic as a hitherto *unknown* kind of madness shows that he thinks descriptive polylogism is *in fact* false; humans of every group and in every epoch do, for the most part, conform in their thinking to the one true logic. But he

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<sup>23</sup> *Logical Investigations* I. 19; in Donn Welton, ed., *The Essential Husserl: Basic Writings in Transcendental Phenomenology* (Bloomington: Indiana University Press, 1999), p. 7. Lest the phrase “ethics of thinking” mislead, it’s worth pointing out that for Husserl, as for Frege, the laws of logic are normative for thought only because they are in the *first* place descriptive of being.

does not claim to dismiss the *possibility* of some Bizarro world where illogical thought is the norm. The target he wishes to attack is not descriptive polylogism but normative polylogism. From Frege's point of view, the truth or falsity of descriptive polylogism is simply a psychological or sociological question irrelevant to his project.

We might wonder whether Frege is justified in taking the prospect of descriptive polylogism with such equanimity. If what laws of logic people recognize and follow is determined not by the nature of reality but rather by their group membership, might that not undercut our own certainty in the laws of logic that *we* recognize and follow? If every group has its own way of thinking – which of course will strike members of that group as the one true way – shouldn't that lead us to view with greater suspicion our conviction that *our* way of thinking really *is*, providentially, that one true way?

Frege thinks not. On his view, if we can't help thinking in accordance with our own logic, then we can't seriously entertain the possibility that it is incorrect:

[The] impossibility of our rejecting the law [of identity] does not prevent us from supposing that there are beings who do reject it; but it does prevent us from supposing that these beings are right in doing so; it also prevents us from doubting whether we or they are right. At least this goes for me. If others dare to recognize and doubt a law in the same breath, then it seems to me like trying to jump out of one's skin, against which I can only urgently warn. (*FLA* xvii.)

So is it really impossible for us to doubt our own logic, or is it an all-too-possible mistake against which we need to be warned? Frege seems of two minds on the question.

Perhaps Frege's project does not require the dismissal of descriptive polylogism. But Mises' does.

Mises is attempting to do for economics what Frege wants to do for logic and mathematics – namely, to *de-empiricize* and *de-psychologize* the subject.<sup>24</sup> De-empiricization involves establishing that the fundamental laws of economics are already implicit in the very concept of action itself:

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<sup>24</sup> “In the Western analytic tradition, psychologism has been in disrepute since at least the time of Frege.” (Wood, *op. cit.*, p. 153.) Seeing Mises' project as one with stronger affinities to Fregean anti-psychologism than to Cartesian rationalism might help to make his apriorism more palatable in contemporary philosophical circles.

The science of human action that strives for universally valid knowledge is the theoretical system whose hitherto best elaborated branch is economics. In all of its branches this science is a priori, not empirical. Like logic and mathematics, it is not derived from experience; it is prior to experience. It is, as it were, the logic of action and deed. ... Only experience makes it possible for us to know the particular conditions of action in their concrete form. ... However, what we know about our action under given conditions is derived not from experience, but from reason. What we know about the fundamental categories of human action – action, economizing, preferring, the relationship of means and ends, and everything else that, together with these, constitutes the system of human action – is not derived from experience. We conceive all this from within, just as we conceive logical and mathematical truths, a priori, without reference to any experience. (*EPE* I. 1. 6.)

As there is only one mode of logical thinking, there is only one praxeology (and, for that matter, only one mathematics) valid for all. As there is no human thinking that would fail to distinguish between *A* and non-*A*, so there is no human action that would not distinguish between means and ends. This distinction implies that man values, i.e., that he prefers an *A* to a *B*. (*TH* III. 14. 2.)

In the concept of money all the theorems of monetary theory are already implied. ... There is no mode of action thinkable in which means and ends or costs and proceeds cannot be clearly distinguished and precisely separated. There is nothing which only approximately or incompletely fits the economic category of an exchange. There are only exchange and nonexchange; and with regard to any exchange all the general theorems concerning exchanges are valid in their full rigidity and with all their implications. ... No experience could ever be had which would contradict these statements. ... (*HA* III. 2.)

De-psychologizing the subject involves drawing a line of demarcation between the *a priori* and empirical aspects of social science. The *a posteriori* aspects are in turn subdivided into those that gather information through scientific experiment and those that seek insight through hermeneutic understanding (*verstehen*). Psychology, for example, is divided into *thymology*,<sup>25</sup> the study of spirit, and naturalistic psychology, the study of

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<sup>25</sup> “‘Thymology’ is derived from the Greek *ἔδῆυδ*, which Homer and other authors refer to as the seat of the emotions and as the mental faculty of the living body by means of which thinking, willing, and feeling are conducted.” (*TH* III. 12. 1.)

reflexes. But both are to be sharply distinguished from praxeology, which abstracts from psychological content.<sup>26</sup>

The problems investigated in the laboratories of the various schools of experimental psychology have no more reference to the problems of the sciences of human action than those of any other scientific discipline. ... But the term “psychology” is applied in another sense too. It signifies the cognition of human emotions, motivations, ideas, judgments of value and volitions .... To prevent mistakes resulting from the confusion of these two entirely different branches of knowledge it is expedient to reserve the term “psychology” for naturalistic psychology and to call the knowledge of human valuations and volitions “thymology.” ... While naturalistic psychology does not deal at all with the content of human thoughts, judgments, desires, and actions, the field of thymology is precisely the study of these phenomena. (*TH* III. 12. 1.)

Thymology has no special relation to praxeology and economics. The very act of valuing is a thymological phenomenon. But praxeology and economics do not deal with the thymological aspects of valuation. Their theme is acting in accordance with the choices made by the actor. The concrete choice is an offshoot of valuing. But praxeology is not concerned with the events which within a man's soul or mind or brain produce a definite decision between an *A* and a *B*. It takes it for granted that the nature of the universe enjoins upon man choosing between incompatible ends. Its subject is not the content of these acts of choosing but what results from them: action. It does not care about what a man chooses but about the fact that he chooses and acts in compliance with a choice made. It is neutral with regard to the factors that determine the choice and does not arrogate to itself the competence to examine, to revise, or to correct judgments of value. It is *wertfrei* [value-free]. *Why* one man chooses water and another man wine is a thymological (or, in the traditional terminology, psychological) problem. But it is of no concern to praxeology and economics. (*TH* III. 12. 2.)

To see the difference between the praxeological and psychologistic approaches to economics, consider the Austrian treatment of two standard economic principles: the law

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<sup>26</sup> “Praxeology, the a priori science of human action, and, more specifically, its up to now best-developed part, economics, provides in its field a consummate interpretation of past events recorded and a consummate anticipation of the effects to be expected from future actions of a definite kind. Neither this interpretation nor this anticipation tells anything about the actual content and quality of the acting individuals' judgments of value. Both presuppose that the individuals are valuing and acting, but their theorems are independent of and unaffected by the particular characteristics of this valuing and acting. These characteristics are for the sciences of human action ultimate data, they are what is called historical individuality.” (*TH* III. 14. 3.)

of diminishing marginal utility (according to which each additional unit of a good is assigned a lower value than the previously acquired unit), and the law of time-preference (according to which we always, *ceteris paribus*, prefer the earlier to the later satisfaction of any want). Mises' student Rothbard explains:

It is important to realize that economics does not propound any laws about the *content* of man's ends. ... The concept of action involves the use of scarce means for satisfying the most urgent wants at some point in the future, and the truths of economics involve the formal relation between ends and means, and not their specific contents. ... Psychology [deals] with the content of human ends [and asks] *why* does the man choose such and such ends ...? ... Praxeology and economics deal with *any* given ends and with the formal implications of the fact that men have ends and employ means to attain them. ... Thus, all explanations of the law of marginal utility on psychological or physiological grounds are erroneous. For example, many writers have based the law of marginal utility on an alleged "law of the satiation of wants," according to which a man can eat so many scoops of ice cream at one time, etc., and then becomes satiated. Whether or not this is true in psychology is completely irrelevant to economics. ... The law of marginal utility depends on no physiological or psychological assumption, but is based on the praxeological truth that the first unit of a good will be used to satisfy the most urgent want, the second unit the next most urgent want, etc. (*MES I. A.*)

Mises offers a similar analysis of time-preference:

Time preference is a categorial requisite of human action. No mode of action can be thought of in which satisfaction within a nearer period of the future is not – other things being equal – preferred to that in a later period. The very act of gratifying a desire implies that gratification at the present instant is preferred to that at a later instant. He who consumes a nonperishable good instead of postponing consumption for an indefinite later moment thereby reveals a higher valuation of present satisfaction as compared with later satisfaction. If he were not to prefer satisfaction in a nearer period of the future to that in a remoter period, he would never consume and so satisfy wants. He would always accumulate, he would never consume and enjoy. He would not consume today, but he would not consume tomorrow either, as the morrow would confront him with the same alternative. ... It is possible to search for a psychological understanding of the problem of time preference. Impatience and the pains caused by waiting are certainly psychological phenomena. ... However, the praxeological problem is in no way related to psychological issues. We must conceive, not merely understand. We must conceive that a man who does not prefer satisfaction within a nearer period of the future to that in a

remoter period would never achieve consumption and enjoyment at all.  
(HA XVIII. 2.)

Understanding (*verstehen*) is the hermeneutical method of thymology; while it is not *narrowly* empirical in the manner of the experimental sciences, it still depends on experience. But the *a priori* grasp of a conceptual truth transcends experience altogether.<sup>27</sup> “We must conceive, not merely understand.”

But the claims of praxeology presuppose that human beings think and act logically. If they do not, then nothing would prevent them from applying the first unit of a good to the ninth most urgent want, and so forth. Frege’s refutation of normative polylogism is not enough. The entire enterprise of praxeology assumes the falsity of *descriptive* polylogism as well. Yet nothing Frege has said seems to rule out descriptive polylogism; and Mises seems to open the door to it as well. For Mises grants that there might once have been creatures with logics contrary to our own. Since their logics were mistaken, they perished; and Mises appeals to the practical survival value of correct logic to explain why it was selected for by evolution:

We are not prevented from assuming that in the long way that led from the nonhuman ancestors of man to the emergence of the species *Homo sapiens* some groups of advanced anthropoids experimented, as it were, with categorial concepts different from those of *Homo sapiens* and tried to use them for the guidance of their conduct. But as such pseudo categories were not adjusted to the conditions of reality, behavior directed by a quasi reasoning based upon them was bound to fail and to spell disaster to those committed to it. Only those groups could survive whose members acted in

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<sup>27</sup> Does this mean that praxeology involves a Platonic epistemology in which concepts are grasped in isolation from sensory experience? Not necessarily. Here a distinction of Frege’s is useful: “In human beings it is natural for thinking to be intermingled with having images and feeling. Logic has the task of isolating what is logical, not, to be sure, so that we should think without having images, which is no doubt impossible, but so that we should consciously distinguish the logical form from what is attached to it in the way of ideas and feelings.” (L 154.) “We are concerned in arithmetic not with objects that become known to us through the medium of the senses ... but with objects that are immediately given to reason .... By this I do not in the least want to deny that without sense impressions we are as thick as a plank and know nothing of numbers nor of anything else; but this psychological proposition does not concern us here at all. I emphasize this again because of the constant danger of confusing two fundamentally different questions.” (FA 105.) Frege thus adheres to a view of intellectual activity closer to Aristotle or Kant than to Plato: grasping a concept involves the possession of sensory images, but does not *consist* in the possession of such images. Frege does believe that imageless thought is possible *in principle*, but nothing in his theory turns on this: “There is no contradiction in supposing there to exist beings that can grasp the same thought as we do without needing to clad it in a form that can be perceived by the senses. But still, for us men there is this necessity.” (SKM 288.)

accordance with the right categories, i.e., with those that were in conformity with reality and therefore – to use the concept of pragmatism – worked.

However, reference to this interpretation of the origin of the a priori categories does not entitle us to call them a precipitate of experience .... Those primates who had the serviceable categories survived, not because, having had the experience that their categories were serviceable, they decided to cling to them. They survived because they did not resort to other categories that would have resulted in their own extirpation.<sup>28</sup>  
(*UFES* I. 2.)

But if deviant logics are a possibility after all, it seems rash to conclude that by now they must all have been weeded out by the survival of the fittest. Perhaps they are not dead only because it is not yet the long run. Not every departure from logic need bring instant extinction. Until the spectre of descriptive polylogism has been laid to rest – a task neither Frege nor Mises appears to have accomplished – their eloquent critique of normative polylogism will not suffice to guarantee the existence of that common logical structure of human action to which praxeology must appeal.

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<sup>28</sup> These last remarks of Mises' tell against the view, popular among some Misesians, that Hayek's evolutionary, invisible-hand explanations of human beliefs and practices are inherently contrary to praxeology as Mises understood it.

### From Frege to Wittgenstein: Buy Narrow, Sell Wide

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*Just as the existence of a common structure of thought is the condition of the possibility of our communicating with one another, of your understanding what I say, so it is also the basis on which we all interpret such complicated social structures as those which we find in economic life or law, in language, and in customs.*

– Friedrich A. Hayek (*IEO* III. 3)

This is where Wittgenstein enters the picture.<sup>29</sup> Wittgenstein inherits Frege's critique of psychologism; but, unlike Frege, he believes that illogical thought is impossible. This view shows up as early as the *Tractatus*:

In a certain sense, we cannot make mistakes in logic. ... [L]anguage itself prevents every logical mistake. – What makes logic *a priori* is the impossibility of illogical thought. (*TLP* 5.473-5.4731.)

Thought can never be of anything illogical, since, if it were, we should have to think illogically. ... It used to be said that God could create anything except what would be contrary to the laws of logic. – The truth is that we could not *say* what an 'illogical' world would look like. ... It is as impossible to represent in language anything that 'contradicts logic' as it is in geometry to represent by its coordinates a figure that contradicts the laws of space or to give the coordinates of a point that does not exist. (*TLP* 3.03-3.032.)

But Wittgenstein elaborates it most fully in his later works, and above all in his two books on the foundation of mathematics.

Frege ... talks about the fact that logical propositions are not psychological propositions. That is, we cannot find out the truth of the

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<sup>29</sup> My understanding of Wittgenstein's relation to Frege is heavily indebted to David R. Cerbone, "How To Do Things With Wood: Wittgenstein, Frege, and the Problem of Illogical Thought," in Alice Crary and Rupert Read, eds., *The New Wittgenstein* (London: Routledge, 2000); James Conant, "The Search for Logically Alien Thought: Descartes, Kant, Frege, and the *Tractatus*," *Philosophical Topics* 20 (1992, pp. 115-180; and Kelly D. Jolley (in conversation).

propositions of logic by means of a psychological investigation – they do not depend on what we think. He asks: What should we say if we found people who made judgments contrary to our logical propositions? ... He says “I should say ‘Here we have a new kind of madness’ – whereas the psychological logician could only say ‘Here’s a new kind of logic.’” This is queer. (*LFM* xxi.)

The question is whether we should say we cannot think except according to [the laws of logic], that is, whether they are psychological laws – or, as Frege thought, laws of nature. He compared them with laws of natural science (physics), which we must obey in order to think correctly. I want to say they are neither. (*LFM* p. 230.)

Frege says ... “here we have a hitherto unknown kind of insanity” – but he never said what this ‘insanity’ would really be like. (*RFM* I. 152.)

Wittgenstein’s position is that logic is neither an empirical regularity that thought happens to follow nor a commandment that thought ought to follow. On both those views, people whose thinking is governed by Bizarro logic are *conceivable*, and this is just what Wittgenstein denies. Logic is *constitutive* of thought. Nothing counts as thought unless it is logical. Hence the term “thought” is simply not applicable to anything that deviates from logic. Frege never said what such insanity would be like, because the scenario Frege is asking us to imagine cannot be described without incoherence.

What is the difference between inferring wrong and not inferring?  
Between adding wrong and not adding? (*RFM* VI. 48.)

The steps which are not brought into question are logical inferences. But the reason why they are not brought into question is not that they ‘certainly correspond to the truth’ – or something of the sort, – no, it is just this that is called ‘thinking’, ‘speaking’, ‘inferring’, ‘arguing’. (*RFM* I. 156.)

Here we might be puzzled. Surely people think illogically all the time! Well, that depends on exactly what sense is to be given to the phrase “think illogically.” Don’t people often make the logical mistake of affirming the consequent? Certainly the mistake we call affirming the consequent often happens; but how is it to be understood? Do I really infer “*p*” from the premises “If *p* then *q*” and “*q*”? To be sure, I think or say the premises, and I pass to the conclusion. But is this an inference, and if so, what is the

nature of that inference? I may very well *imagine* that I have inferred this conclusion from these premises, but I may be wrong. I am not necessarily a privileged expert on what rule I am really following.<sup>30</sup> Perhaps there was no inference at all; the relation between my belief in the premises and my belief in the conclusions was merely a casual one. Not every causal relation among beliefs is an inference: seeing Eric chewing on his shoe may remind me that I need to buy new shoes, but I do not infer the proposition “I need to buy new shoes” from the proposition “Eric is chewing on his shoe.” (Not every transition from one thought to another is itself an instance of thought.) And a non-inferential causal relation between two beliefs does not magically become an inference simply because I have a subjective conviction that it was an inference. On the other hand, it might really be an inference, but not the one I take it to be. I may imagine that I relied on just these premises alone – “If *p* then *q*” and “*q*” – in order to infer “*p*,” but perhaps I was really relying on an additional premise without realizing it: something like, say, “If (if *p* then *q*) then (if *q* then *p*).” Wittgenstein is not making the *psychological* claim that every transition from one thought to another is a legitimate logical inference; rather, he is making what he would call the *grammatical* claim, and Mises might call the *praxeological* claim, that only those transitions that obey the laws of logic are to be counted as inferences:

“Then according to you everybody could continue the series as he likes; and so infer *anyhow!*” In that case we shan’t call it “continuing the series” and also presumably not “inference.” And thinking and inferring (like counting) is of course bounded for us, not by an arbitrary definition, but by natural limits corresponding to the body of what can be called the role of thinking and inferring in our life. [T]he laws of inference do not compel him to say or write such and such like rails compelling a locomotive. And if you say that, while he may indeed *say* it, still he can’t *think* it, then I am only saying that that means, not: try as he may he can’t think it, but: it is for us an essential part of ‘thinking’ that – in talking, writing, etc. – he makes *this sort* of transition. (RFMI. 116.)

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<sup>30</sup> “It is possible for one to live, to think, in the fancy that things are thus and so, without *believing* it; that is to say, when one is asked, then one knows, but if one does not have to answer the question one does *not* know, but acts and thinks according to another opinion.” (LFM I. ii. 12. Note how Wittgenstein is inverting Augustine’s line at *Confessions* XI.14.)

The logical “must” is neither a causal must compelling us from within nor an imperative “must” threatening us from without:

“You admit *this* – then you must admit *this* too.” – He must admit it – and all the time it is possible that he does not admit it! You want to say: “if he *thinks*, he must admit it.” (RFMI. 51.)

Indeed, it is just *when* he admits it that he counts as thinking.

But how is Wittgenstein’s reply to Frege relevant to Mises’ project of finding an *a priori* basis for economics? True, it does allow us to rule out the possibility of descriptive polylogism. People are not always thinking: *The Soul thinks not always, for this wants Proofs*. But whenever we are thinking, we are thinking logically. But Mises’ concern is with *action*. If all action is thoughtful, then all action is logical. But what if all action is not thoughtful?

In this connection, it is significant that Wittgenstein offers an *economic* example to illustrate his agreement and disagreement with Frege:

People pile up logs and sell them, the piles are measured with a ruler, the measurements of length, breadth, and height multiplied together, and what comes out is the number of pence which have to be asked and given. They do not know ‘why’ it happens like this; they simply do it like this: that is how it is done. ... Very well; but what if they piled the timber in heaps of arbitrary, varying height and then sold it at a price proportionate to the area covered by the piles? And what if they even justified this with the words: “Of course, if you buy more timber, you must pay more”? ... How could I shew them that – as I should say – you don’t really buy more wood if you buy a pile covering a bigger area? – I should, for instance, take a pile which was small by their ideas and, by laying the logs around, change it into a ‘big’ one. This might convince them – but perhaps they would say: “Yes, now it’s a *lot* of wood and costs more” – and that would be the end of the matter. – We should presumably say in this case: they simply do not mean the same by “a lot of wood” and “a little wood” as we do; and they have a quite different system of payment from us. (RFMI. 143-150.)

Wittgenstein’s example of the wood-sellers<sup>31</sup> is an example of people who *appear* to be economically irrational. Their behaviour seems to violate praxeological principles; their preferences seem incoherent, and thus seem to defy what Ludwig Lachmann calls one of

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<sup>31</sup> By “wood-sellers” I mean this entire community of people, including the buyers of wood.

the chief aims of economic theory: “to make the world around us intelligible in terms of human action and the pursuit of plans.”<sup>32</sup>

Why do the wood-sellers seem irrational? Consider: I could buy a tall, narrow pile of wood from them for a low price, rearrange it, and then resell it to them at a high price. How can they guard against being exploited in this manner? For that matter, if they can get a higher price for short, wide stacks than for tall, narrow ones, why don't they rearrange their own narrow stacks and sell them at the higher price? An economist would say that if they know that the less valuable stacks can be transformed into the more valuable ones by means of simple rearrangement, then the less valuable stacks are a higher-order good, a means of producing the more valuable stacks, and the value of the means is determined by the value of the end.

Economic goods which in themselves are fitted to satisfy human wants directly and whose serviceableness does not depend on the cooperation of other economic goods, are called consumers' goods or goods of the first order. Means which can satisfy wants only indirectly when complemented by cooperation of other goods are called producers' goods or factors of production or goods of a remoter or higher order. The services rendered by a producers' good consist in bringing about, by the cooperation of complementary producers' goods, a product. This product may be a consumers' good; it may be a producers' good which when combined with other producers' goods will finally bring about a consumers' good. ... The first and ultimate valuation of external things refers only to consumers' goods. All other things are valued according to the part they play in the production of consumers' goods. ...

Acting man transfers the valuation of ends he aims at to the means. Other things being equal, he assigns to the total amount of the various means the same value he attaches to the end which they are fit to bring about. ...

The prices of the goods of higher orders are ultimately determined by the prices of the goods of the first or lowest order, that is, the consumers' goods. ... The factors of production are appraised with regard to the prices of the products, and from this appraisal their prices emerge. (Mises, *HA IV*. 1, X!. 1, XVI. 3.)

We know that there are two types of goods: consumers' goods, which directly serve human wants, and producers' goods, which aid in the process of production eventually to produce consumers' goods. It is clear

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<sup>32</sup> Ludwig M. Lachmann, “Sir John Hicks as a Neo-Austrian,” in *Capital, Expectations, and the Market Process*, ed. Walter E. Grinder (Kansas City: Sheed Andrews McMeel, 1977), pp. 261-262.

that the utility of a consumers' good is the end directly served. The utility of a producers' good is its contribution in producing consumers' goods. With value imputed backward from ends to consumers' goods through the various orders of producers' goods, the utility of any producers' good is its contribution to its product – the lower-stage producers' good or the consumers' good. ... Factors of production are valued in accordance with their anticipated contribution in the eventual production of consumers' goods. (Rothbard, *MES* 1. 6-7.)

So the difference in price between the wide stacks and the narrow ones should dwindle until the price one is willing to pay for a narrow stack equals the price one would pay for a wide stack minus whatever utility is lost in the effort of rearranging the stack. Suppose most people are willing to pay no more than \$5 to avoid the hassle of having to rearrange the stack. Then, if they are rational, they should not be willing to assign more than \$5 worth of difference between the two stacks. Suppose two stacks, equal in (what we would call) quantity of wood, are being offered for sale, the narrow one at \$100 and the wide one at \$200. Why should anyone buy the wide one? The cost of choosing the narrow one and then rearranging it into the preferred type of stack is \$100 for the wood plus the psychic equivalent of \$5 for the labour – still a savings of \$95. Every rational person will choose the narrow stack over the first. Sellers of wide stacks will have to lower their price to \$105 or less before they can compete with the sellers of narrow stacks. If that is not what happens, then people have not acted in accordance with their presumed preferences. If the wood-sellers really prefer wide stacks to narrow ones, and more money to less, then their pricing practices are irrational.

But Wittgenstein does not leave the matter there. Our interpretation of the wood-sellers' behaviour as irrational presupposes that we have correctly identified their preferences. But have we? We see that they hand over a greater quantity of coins in exchange for large stacks and a smaller quantity in exchange for small ones; they may call these coins "money" and these exchanges "buying" and "selling"; and if they mean what we mean by those terms than we shall assume that, *ceteris paribus*, they prefer more money to less. But first of all, *ceteris* are not always *paribus*; human beings do not always act to maximize their financial returns:

We might call this a kind of logical madness. But there is nothing wrong with giving wood away. So what is wrong with this? (*LFM* xxi.)

Whether the wood-sellers are acting irrationally – whether they are instances of Fregean insanity – depends on whether their preferences are incoherent, and that depends on what their preferences are. The very fact that they are acting as they are suggests that, in this case at least, they are not trying to maximize their stock of coins. Given the right preferences, it can be rational to give away what I could sell for money, or to give away money itself. So why not to buy or sell at a loss?

I may pay more money for a meal in a restaurant than it would cost me to make the same meal for myself at home, even when the psychic cost of the labour involved in making the meal does not outweigh the amount of money I would save. Why do I do it? There could be all sorts of reasons. I may like the atmosphere of the restaurant. It may be more convenient than going home. I may want to talk to the people who are there. Maybe I know that 10% of the restaurant's profits go to some cause I want to support. I'm not just paying for the food, I'm paying for a total package involving the food and other goods. As Mises writes:

If I simply want to buy soap, I will inquire about the price in many stores and then buy in the cheapest one. If I consider the trouble and loss of time which such shopping requires so bothersome that I would rather pay a few cents more, then I will go into the nearest store without making any further inquiries. If I also want to combine the support of a poor disabled veteran with the purchase of soap, then I will buy from the invalid peddler, though this may be more expensive. In these cases, if I wanted to enter my expenditures accurately in my household account book, I should have to set down the cost of the soap at its common selling price and make a separate entry of the overpayment, in the one instance as “for my convenience,” and in the other as “for charity.” (*EPE* II. 3.)

Who knows why the wood-sellers act as they do? Perhaps it is a ritual that gives them pleasure. Perhaps it is a habit that had its origin in mistaken beliefs about measurement but has outlasted those beliefs because they are traditionalists and experience psychic discomfort in departing from habit. Perhaps they are getting pleasure from confusing the anthropologists who are observing them. As long as the benefit they are getting from the practice exceeds the cost, where is the irrationality?

Suppose I gave you a historical explanation of their behaviour: (a) These people don't live by selling wood, and so it does not matter much what they get for it. (b) A great king long ago told them to reckon the price of wood by measuring just two dimensions, keeping the height the same. (c) They have done so ever since, except that they later came not to worry about the height of the heaps. Then what is wrong? They do this. And they get along all right. What more do you want? (*LFM* xxi.)

Hence the wood-sellers are not a counterexample to praxeological principles, even if we assume that their coins really are money. And of course the latter assumption too may be questioned:

Imagine people who used money in transactions; that is to say coins, looking like our coins, which are made of gold and silver and stamped and are also handed over for goods – but each person gives just what he pleases for the goods, and the merchant does not give the customer more or less according to what he pays. In short this money, or what looks like money, has among them a quite different role from among us. We should feel much less akin to these people than to people who are not yet acquainted with money at all and practise a primitive kind of barter. – “But these people's coins will surely have a purpose!” – Then has everything that one does a purpose? Say religious actions —. (*RFM* I. 153.)

What makes something money is not that it is round and metallic. Rather, what makes it money is the fact that people *regard* and *use* it as money. Now one need not *always* prefer more money to less; as we have seen, there is nothing wrong with giving things away. But money is a medium of indirect exchange; when it ceases to be that, it ceases to be money. Now I need not be using it as a medium of exchange at all times; I can use a dollar bill as a bookmark, I can use coins to do magic tricks with, and so forth. But it has to play its economic role *enough* of the time if it is still to count as money. If everyone, all the time, started using dollar bills as bookmarks rather than as currency, then those green paper rectangles would no longer be money.<sup>33</sup> Likewise, exchanges of coins count

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<sup>33</sup> “Money ... is a social institution. It is not the case that whatever any individual in an economy plans to use as money is properly considered part of the economy's stock of money. A Rip van Winkle awakening today with a pocketful of gold coins (from a slumber that began in 1920) would not, despite his natural beliefs and plans for disposal, have a pocketful of money. Moneyness depends not merely on one person's plans, but on an interwoven net of many individuals' plans.” (Lawrence H. White, “A Subjectivist Perspective on the Definition and Identification of Money,” p. 303, in Israel M. Kirzner, ed., *Subjectivism, Intelligibility and Economic Understanding: Essays in Honor of Ludwig M. Lachmann on His Eightieth Birthday* (London: Macmillan, 1986), pp. 301-314.) Compare Wittgenstein: “Could there be only one

as “buying” and “selling,” and the amount exchanged counts as a “price,” only if the coins are valued as a means of indirect exchange, and thus if a greater quantity of them is *ceteris paribus* preferred to a lesser. (After all, not all exchanges count as buying and selling; if I hand you an insulting note, and you respond by slapping my face, the note was not money that I was using to purchase the service of a slap – though a Martian anthropologist might not be certain.)

[H]ow do we know that a phenomenon which we observe when we are observing human beings is what we ought to call a language? Or what we should call calculating? [A] criterion of people talking is that they make articulated noises. ... Similarly if I see a person with a piece of paper making marks in a certain sort of way, I may say, “He is calculating.” Now in the case of the people with the sticks, we say we can’t understand these people – because we expect something which we don’t find. (If someone came into the room with a bucket on his shoulders, I’d say, “That bucket must hide his head.”)

We can now see why we should call those who have a different logic contradicting ours mad. The madness would be like this: (a) The people would do something which we’d call talking or writing. (b) There would be a close analogy between our talking and theirs, etc. (c) Then we would suddenly see an entire discrepancy between what we do and what they do – in such a way that the whole point of what they are doing seems to be lost, so that we would say, “What the hell’s the point of doing this?”

But is there a *point* in everything we do? What is the point of our brushing our hair in the way we do? Or when watching the coronation of a king, one might ask, “what is the point of all this?” (*LFM* xxi.)

What the wood-sellers are doing seems crazy only because we assume their preferences are like ours, and that their beliefs about how to satisfy those preferences are also like ours. But the very fact that they are behaving so oddly should give us reason to doubt those assumptions. Of course they might assure us verbally, “Yes, yes, our beliefs and preferences are just like yours.” But talk is cheap. They might be lying, or confused. For that matter, they might not even be speaking our language. After all, the best evidence we have that their word “money” means the same thing as our word “money” is what they do with what they call money. Meaning cannot be separated from use.

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human being that calculated? Could there be only one that followed a rule? Are these questions like, say, this one: ‘Can one man alone engage in commerce?’” (*RFM* VI. 45.)

Something is money only if it plays the role in people's actions that constitutes its status as money.

Why can't my right hand give my left hand money? – My right hand can put it into my left hand. My right hand can write a deed of gift and my left hand a receipt. – But the further practical consequences would not be those of a gift. When the left hand has taken money from the right, etc., we shall ask: "Well, and what of it?" (*PII*. 268.)

Incidentally, though Wittgenstein surely had no such thought in mind, the entire Austrian argument against the market-socialist idea of "simulating" a capitalist price system for the purposes of economic calculation is neatly summed up in that remark.

Wittgenstein uses the example of economic action to illustrate his views on thinking. And the parallel is precise. Just as nothing counts as an inference unless it is in accord with the laws of logic, so nothing counts as buying or selling unless it is in accord with the laws of economics. Hence we are in no danger of encountering irrational prices, for the same reason that we are in no danger of encountering a chess game that consists of tossing a ball back and forth across a net. *That* wouldn't be chess. *Those* wouldn't be prices.

## From Wittgenstein to Mises and Hayek: The Critique of Economic Reason

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*Nobody ever wants any **material thing**. ... Do you want a car? Just **look** at the thing – metal, glass, cloth. Of course you don't want it; what you want is transportation, speed, quicker contacts with other persons, lifetime savings .... All intangibles.*

– Rose Wilder Lane<sup>34</sup>

In solving Frege's problem, Wittgenstein has solved Mises' problem as well. There can be *a priori* economic laws, because the terms that occur in those laws will be applicable only to phenomena that in fact obey those laws. As we shall see, this Wittgensteinian solution, as well as many of the ideas associated with it, were anticipated, to some degree by Mises and to a very great extent by Hayek. This is an impressive accomplishment; for although some of these ideas were contained in germ in the *Tractatus*, which Hayek at least had read,<sup>35</sup> they were fully elaborated only in Wittgenstein's later work. Yet most of the passages I will be quoting from Mises and Hayek were written during the 1940s, at a time when none of Wittgenstein's post-Tractarian writings had been published. And there is no reason to believe that either Mises or Hayek were among those who had access to Wittgenstein's unpublished notes. Their independent development of these ideas supports my contention that the philosophical talents of these thinkers whom the world knows primarily as "economists" have been vastly underappreciated.

Mises and Hayek agree with Wittgenstein that economic categories legitimately apply only to those items that play the corresponding role in people's actions. They too invoke

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<sup>34</sup> Roger Lea MacBride, ed., *The Lady and the Tycoon: The Best of the Letters Between Rose Wilder Lane and Jasper Crane* (Caldwell: Caxton, 1973), pp. 130-131.

<sup>35</sup> It is unclear whether Mises had read the *Tractatus* as well. Mises does quote its closing line at *UFES* 3. 2 (though, given the line's fame, that proves little), and he had certainly read many of the *Wiener Kreis* thinkers.

the specific example of coins, which count as money only if they are actually used to facilitate indirect exchange. That use is *constitutive* of money. Mises writes:

If we had not in our mind the schemes provided by praxeological reasoning, we should never be in a position to discern and to grasp any action. We would perceive motions, but neither buying nor selling, nor prices, wage rates, interest rates and so on. ... If we approach coins without such preexisting knowledge, we would see in them only round plates of metal, nothing more. Experience concerning money requires familiarity with the praxeological category *medium of exchange*. (*HA* III. 2.)

And Hayek concurs:

[A]ll propositions of economic theory refer to things which are defined in terms of human attitudes toward them .... I am not certain that the behaviorists in the social sciences are quite aware of *how* much of the traditional approach they would have to abandon if they wanted to be consistent or that they would want to adhere to it consistently if they were aware of this. It would, for instance, imply that propositions of the theory of money would have to refer exclusively to, say, “round disks of metal, bearing a certain stamp,” or some similarly defined physical object or group of objects. (*IEO* II. 9.)

That the objects of economic activity cannot be defined in objective terms but only with reference to a human purpose goes without saying. Neither a “commodity” or an “economic good,” nor “food” or “money,” can be defined in physical terms .... Economic theory has nothing to say about the little round disks of metal as which an objective or materialist view might try to define money. ... Nor could we distinguish in physical terms whether two men barter or exchange or whether they are playing some game or performing some ritual. Unless we can understand what the acting people mean by their actions any attempt to explain them, that is, to subsume them under rules ... is bound to fail. (*CRS* I. 3.)

But this is precisely the point of Wittgenstein’s example of the wood-sellers: the mere fact that they are passing objects back and forth does not prove that they are engaging in economic exchange rather than, as Hayek says, “playing a game or performing some ritual.” (Recall Wittgenstein’s mention of coronations and religious actions.)

In order to make sense of the wood-sellers’ actions, we have to attribute to them beliefs and desires different from our own with regard to coins and stacks of wood. Whether their actions really do count as buying and selling will depend on what attitude

they really do take toward those items. If their attitudes diverge sufficiently from ours, then they are not buying and selling *oddly*; they are not buying and selling at all. Hayek draws the same conclusion: it makes sense to apply certain terms in explaining people's conduct toward certain physical objects (like coins) only if those terms accurately reflect the role that those objects play in their life:

As long as I move among my own kind of people, it is probably the physical properties of a bank note or a revolver from which I conclude that they are money or a weapon to the person holding them. When I see a savage holding cowrie shells or a long, thin tube, the physical properties of the thing will probably tell me nothing. But the observations which suggest to me that the cowrie shells are money to him and the blowpipe a weapon will throw much light on the object – much more light than these same observations could possibly give if I were not familiar with the concept of money or a weapon. In recognizing the things as such, I begin to understand the people's behavior. I am able to fit [the object] into a scheme of actions which “make sense” just because I have come to regard it not as a thing with certain physical properties but as the kind of thing which fits into the pattern of my own purposive action. (*IEO* III. 2.)

[A]s we go from interpreting the actions of men very much like ourselves to men who live in a very different environment, it is the most concrete concepts which first lose their usefulness for interpreting the people's actions and the most general or abstract which remain helpful longest. My knowledge of the everyday things around me, of the particular ways in which we express ideas or emotions, will be of little use in interpreting the behavior of the inhabitants of Tierra del Fuego. But my understanding of what I mean by a means to an end, by food or a weapon, a word or a sign, and probably even an exchange or a gift, will still be useful and even essential in my attempt to understand what they do. (*IEO* III. 2.)

But Hayek goes on to draw a broader moral from all this. To make sense of the “savage's” actions, we must apply teleological concepts like “money” and “weapon” to the objects he uses. Merely physical terms like “shell” and “tube” will not play that role. More generally, to understand any human activity or practice, we have to apply terms that define those activities in terms of their goals – and that opens the door to a system of conceptual truths about human action: *praxeology*, or, as Hayek calls it, the Pure Logic of Choice:

From the fact that 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 action themselves, not in physical terms but in terms of the opinions or intentions of the acting persons, there follow some very important consequences; namely, nothing less than that we can, from the concepts of the objects, analytically conclude something about what the actions will be. If we define an object in terms of a person's attitude toward it, it follows, of course, that the definition of the object implies a statement about the attitude of the person toward the thing. When we say that a person possesses food or money, or that he utters a word, we imply that he knows that the first can be eaten, that the second can be used to buy something with, and that the third can be understood – and perhaps many other things. (*IEO* III. 2.)

Compare a similar point from Barry Smith:

Necessary laws concerning economic kinds are ... no more problematic than necessary laws concerning natural kinds in other spheres. A mere articulation of the words 'I promise to pay you \$1,000,000 tomorrow' uttered, for example, whilst asleep, would not and could not be a promise. An underlying substratum of intentions appropriate to a promise is, as a matter of necessity, indispensable. This is an example of an a priori law concerning the social act of promising.<sup>36</sup>

Now we can begin to see why it is a mistake to assimilate what the praxeologist does to what a Cartesian rationalist does when he spins out the laws of physical motion *a priori*. The conclusions of praxeology are not in themselves empirical statements. They do not predict what people will do. For example, they do not predict how people will behave with regard to metal disks and piles of wood. What they do predict is how people will behave *so long as they are buying and selling*. If that gives praxeology empirical content, then geometry has empirical content in just the same way. Geometry cannot predict how many edges your next slice of pizza will have; but it can predict how many edges it will have *so long as it is triangular*.

In that sense, then, the propositions of praxeology are all conditional; and they apply in practice only when, and to the extent that, the conditions are met. This point is often

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<sup>36</sup> Barry Smith, "Austrian Economics and Austrian Philosophy," p. 4; in Wolfgang Grassl and Barry Smith, eds., *Austrian Economics: Historical and Philosophical Background* (London: Croom Helm, 1986), pp. 1-36; cf. Adolf Reinach, "A Priori Foundations of the Civil Law," *Aletheia* 3 (1983), pp. 1-142.

missed even by praxeology's most sympathetic critics; Robert Nozick<sup>37</sup> and David Ramsay Steele,<sup>38</sup> for example, argue at length, *as a criticism of praxeological apriorism*, that the *application* of praxeology must always be an empirical rather than an *a priori* matter – as if any praxeologist had denied it. But, as Mises writes:

Into the chain of praxeological reasoning the praxeologist introduces certain assumptions concerning the conditions of the environment in which an action takes place. Then he tries to find out how these special conditions affect the result to which his reasoning must lead. The question whether or not the real conditions of the external world correspond to these assumptions is to be answered by experience. But if the answer is in the affirmative, all the conclusions drawn by logically correct praxeological reasoning strictly describe what is going on in reality. (*UFES* II. 6.)

A theory of indirect exchange and all further theories built upon it – as the theory of circulation credit – are applicable only to the interpretation of events within a world in which indirect exchange is practiced. In a world of barter trade only it would be mere intellectual play. ... There [is] no such thing ... as a historical method of economics .... There is economics and there is economic history. The two must never be confused. All theorems of economics are necessarily valid in every instance in which all the assumptions presupposed are given. Of course, they have no practical significance in situations where these conditions are not present. The theorems referring to indirect exchange are not applicable to conditions where there is no indirect exchange. But this does not impair their validity. (*HA* II. 10.)

[W]e are unable to grasp the concept of economic action and of economy without implying in our thought the concept of economic quantity relations and the concept of an economic good. Only experience can teach us whether or not these concepts are applicable to anything in the conditions under which our life must actually be lived. Only experience tells us that not all things in the external world are free goods. However, it is not experience, but reason, which is prior to experience, that tells us what is a free and what is an economic good. ... A theory of money would still be meaningful even if throughout history there had never been any indirect exchange. That such a theory would have no practical importance

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<sup>37</sup> “On Austrian Methodology,” in Robert Nozick, *Socratic Puzzles* (Cambridge: Harvard University Press, 1997), pp. 110-141.

<sup>38</sup> David Ramsay Steele, *From Marx to Mises: Post-Capitalist Society and the Challenge of Economic Calculation* (La Salle: Open Court, 1992).

in a world that did not use money would in no way detract from the truth of its statements. (*EPE I. 1. 6.*)

Whether the exchange of economic goods ... occurs directly, as in barter, or indirectly, through a medium of exchange, can be established only empirically. However, where and in so far as media of exchange are employed, all the propositions that are essentially valid with regard to indirect exchange must hold true. Everything asserted by the quantity theory of money, the theory of the relation between the quantity of money and interest, the theory of fiduciary media, and the circulation-credit theory of the business cycle, then becomes inseparably connected with action. (*EPE I. 2. 1.*)

Hence empirical questions do become relevant in economics – not at the level of economic theory, however, but only in the application of that theory to the real world. Praxeology is an abstract structure, like mathematics, and we must turn to experience to learn which things, if any, actually instantiate that structure in any particular case. The same point is made by Hayek:

[T]he assumptions from which the Pure Logic of Choice starts are facts which we know to be common to all human thought. They may be regarded as axioms which define or delimit the field within which we are able to understand or mentally to reconstruct the processes of thought of other people. They are therefore universally applicable to the field in which we are interested – although, of course, where *in concreto* the limits of this field are is an empirical question. (*IEO II. 7.*)

The misunderstanding is that the social sciences aim at *explaining* individual behavior .... The social sciences do in fact nothing of the sort. If conscious action can be “explained,” this is a task for psychology but not for economics .... [T]he theories of the social sciences do not consist of “laws” in the sense of empirical rules about the behavior of objects definable in physical terms. All that the theory of the social sciences attempts is to provide a technique of reasoning which assists us in connecting individual facts, but which, like logic or mathematics, is not about the facts. It can, therefore ... never be verified or falsified by reference to facts. All that we can and must verify is the presence of our assumptions in the particular case. ... In this connection a genuine “question of fact” arises .... But the theory itself, the mental scheme for the interpretation, can never be “verified” but only tested for its consistency. It may be irrelevant because the conditions to which it refers never occur .... But it can no more be disproved by facts than can logic or mathematics. (*IEO III. 3.*)

Hayek and Mises apply this dichotomy between *a priori* theory and empirical application to two particular propositions of classical economics: Gresham's Law, and the Law of Rent.

Gresham's Law ... is a special application of the general theory of price controls to monetary relations. [It states] the fact that payments that can be made with the same legal effect in "good" or in "bad" money, as suits the debtor, are made in money undervalued by the authorities. ... If the conditions that Gresham's law assumes are not given, then action such as the law describes does not take place. If the actor does not know the market value differing from the legally controlled value, or if he does not know that he may make his payments in money that is valued lower by the market, or if he has another reason for giving the creditor more than is due him – for example, because he wants to give him a present, or because he fears violent acts on the part of the creditor – then the assumptions of the law do not apply. Experience teaches that for the mass of debtor-creditor relationships these assumptions do apply. But even if experience were to show that the assumed conditions are not given in the majority of cases, this could in no way weaken the chain of reasoning that has led to the construction of the law or deprive the law of the importance that is its due. ... Gresham's law represents the application to a particular case of laws of catallactics that are valid without exception always and everywhere, provided acts of exchange are assumed. (*EPE* 2.3.)

[The "Law of Rent"] stated, in effect, that changes in the value of the commodities in the production of which land was required would cause much greater changes in the value of land than in the value of the other factors whose cooperation was required. In this form it is an empirical generalization which tells us neither why nor under what conditions it will be true. In modern economics its place is taken by two distinct propositions which together lead to the same conclusion. One is part of pure economic theory and asserts that whenever in the production of one commodity different (scarce) factors are required in proportions which can be varied, and of which one can be used only for this purpose (or only for comparatively few) while the others are of a more general usefulness, a change in the value of the product will affect the value of the former more than that of the latter. The second proposition is the empirical statement that land is as a rule in the position of the first kind of factor, that is, that people know of many more uses of their labor than they will know for a particular piece of land. The first of these propositions, like all propositions of pure economic theory, is a statement about the implications of certain human attitudes toward things and as such necessarily true irrespective of time and place. The second is an assertion that the conditions postulated in the first proposition prevail at a given time and with respect to a given piece of land, because the people dealing

with its old certain beliefs about its usefulness and the usefulness of other things required in order to cultivate it. As an empirical generalization it can of course be disproved and frequently will be disproved. ... What is true of the theory of rent is true of the theory of price generally: it has nothing to say about the behavior of the price of iron or wool, of things of such and such physical properties, but only about things about which people have certain beliefs and which they want to use in a certain manner. And our explanation of a particular price phenomenon can therefore also never be affected by any additional knowledge which we (the observers) acquire about the good concerned, but only by additional knowledge about what the people dealing with it think about it. (*CRS I*. 3.)

What Mises and Hayek are saying about economic activity closely parallels what Wittgenstein says about the science of kinematics:

The machine as symbolizing its action: the action of a machine – I might say at first – seems to be there in it from the start. ... If we know the machine, everything else, that is its movement, seems to be already completely determined. We talk as if these parts could only move in this way, as if they could not do anything else. How is this – do we forget the possibility of their bending, breaking off, melting, and so on? ... We use a machine, or the drawing of a machine, to symbolize a particular action of the machine. (*PII*. 193.)

Kinematics is really a branch of geometry; in it one works out how pistons will move if one moves the crankshaft in such-and-such a way, and so on. One always assumes that the parts are perfectly rigid. — Now what is this? You might say, “What a queer assumption, since nothing is perfectly rigid.” What is the criterion for rigidity? What do we assume when we assume the parts are rigid? ... [R]igidity does not come into the calculus at all. The point is that when we make a calculation with respect to a machine, the more rigid the parts, the more accurate the calculation. It is in the *application* that rigidity enters. (*LFM* xx.)

Just as the kinematic diagram does not assert that the machine’s parts really are rigid, but only says that if, and to the extent that, they are rigid, the machine will behave as predicted, so likewise a economic theory does not assert that human beings have any particular aims, but only that if, and to the extent that, they have such-and-such aims, they will behave in certain ways.<sup>39</sup>

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<sup>39</sup> This is *not* to say that praxeology proposes idealized models, or Weberian “ideal types,” to which empirical reality can only imperfectly approximate. Mises explains: “Economics deals with the real

Mises writes that the claims of praxeology can never be falsified by experience:

Some authors have raised the rather shallow question how a praxeologist would react to an experience contradicting theorems of his aprioristic doctrine. The answer is: in the same way in which a mathematician will react to the “experience” that there is no difference between two apples and seven apples or a logician to the “experience” that **A** and non-**A** are identical. Experience concerning human action presupposes the category of human action and all that derives from it. (*UFES* II. 5.)

Well, just how *would* a mathematician or a logician react to a putative case of a contra-mathematical or contra-logical experience? Wittgenstein attempts to answer just this question:

If 2 and 2 apples add up to only 3 apples, i.e. if there are 3 apples there after I have put down two and again two, I don't say: “So after all  $2 + 2$  are not always 4”; but “Somehow one must have gone.” (*RFM* I. 157.)

In other words: mathematical concepts are applied in such a way that *nothing counts* as a falsification of mathematical law. We may *illustrate* mathematical claims by means of empirical experiments, but if the experiment goes wrong we revise not the mathematical claim, but rather the choice of illustration.

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actions of real men. Its theorems refer neither to ideal nor to perfect men, neither to the phantom of a fabulous economic man (*homo oeconomicus*) nor to the statistical notion of an average man (*homme moyen*.)” (*HA* XXIII. 4.)

“The basis of Weber's misconceptions can be exposed only by consideration of the question whether the concepts of economic theory do in fact have the logical character of the ‘ideal type.’ This question is plainly to be answered in the negative. It is quite true also of the concepts of economics that they are ‘never empirically identifiable in reality’ in their ‘conceptual purity.’ Concepts are never and nowhere to be found in reality; they belong rather to the province of thought. They are the intellectual means by which we seek to grasp reality in thought. ... Sociological concepts are not derived [*pace* Weber] ‘through one-sided intensification of one or several aspects and through integration into an immanently consistent *conceptual representation* of a multiplicity of scattered and discrete individual phenomena, present here in greater number, there in less, and occasionally not at all, which are in congruity with these one-sidedly intensified aspects.’ They are rather a generalization of the features to be found in the same way in every single instance to which they refer. The causal propositions of sociology are not expressions of what happens as a rule, but by no means must always happen. They express that which necessarily must always happen as far as the conditions they assume are given.” (*EPE* 2.3.)

In other words, the abstractions employed by praxeology are *non-precisive*. (A precise abstraction is one in which certain actual characteristics are specified as absent; a non-precisive abstraction is one in which certain actual characteristics are *absent from specification*. For this distinction, see my “The Benefits and Hazards of Dialectical Libertarianism,” forthcoming in *Journal of Ayn Rand Studies* 2, no. 2 (Spring 2001).)

This is how our children learn sums; for one makes them put down three beans and then another three beans and then count what is there. If the result at one time were 5, at another 7 (say because, *as we should now say*, one sometimes got added, and one sometimes vanished of itself), then the first thing we said would be that beans were no good for teaching sums. (RFMI. 37.)

Wittgenstein is quite right; for there are items that behave like his mythical beans – droplets of water, for example – and we certainly don't use those to teach children how to add. (“Put these two droplets of water down next to those other two, and ... wait, not so close! And don't jostle the table – woops! Oh well ... today we learned that  $2 + 2 = 1$ .”) Instead we say that it would have been a *misapplication* (not a falsification) of the principle if we had used water droplets to illustrate it. Likewise, any apparent falsification of praxeological claims will be treated as a misapplication of the theory. That is not because we are stubbornly clinging to our theory come what may, but because a thing's actual behaviour is what determines which *a priori* concepts apply to it, and *how* they apply. Likewise, the behaviour of the wood-sellers is our only criterion for determining whether they really prefer more wood to less, whether they really regard coins as money, and so on, and thus for deciding which economic concepts apply to them, and how.

## Act and Interpretation

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*Thoughts without content are empty, intuitions without concepts are blind.*

– Immanuel Kant<sup>40</sup>

There is an interesting analogy here with theories like behaviourism and functionalism, which define mental states in terms of their causal roles. On these views, what makes a particular physical state of my brain count as, say, anger, is not anything internal to that brain state itself, nor is it some nonphysical, spiritual state correlated with it. Rather, the brain state counts as anger so long as the right things tend to cause it and it tends to have the right effects. (For behaviourism, mental states are defined solely in terms of environmental-stimulus inputs and behavioural outputs. For functionalism, they are defined in terms of these plus their relations to other mental states similarly defined. Functionalism is behaviorism gone to college.)

Anger, on either view, is like software which can be run only on appropriate hardware. Just as you can't run DOS on a Macintosh, so you can't run the "anger" program on any physical system that lacks items that stand in the appropriate causal relations. By the same token, you can't run the "money" program on a social system whose members don't interact with each other in the right way. Social interactions have to meet certain conditions in order to count as a realization of the relevant economic category.

Because this striking similarity is potentially misleading, it's important to see why neither Wittgenstein nor the praxeologists are committed to any version of behaviourism and functionalism. This is particularly important in the case of Wittgenstein, since he has often been misinterpreted as a behaviourist or functionalist, whereas Mises and Hayek have so far avoided that honour.

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<sup>40</sup> Immanuel Kant, *Critique of Pure Reason*, p. 93\*\*\*

What makes Wittgenstein seem a behaviourist or functionalist is his doctrine of *criteria*, which he distinguishes sharply from mere *symptoms*. Both symptoms and criteria are forms of evidence. But if X is a *symptom* of Y, that means that X's status as a reliable sign of Y has been established empirically. If X is a *criterion* of Y, however, that means that the connection between X and Y is a conceptual one. For example, on Wittgenstein's view the connection between pain and wincing isn't just something we discover through experience; rather, it's part of the *concept* of pain that wincing (and other pain behaviour) is evidence for it. And in general, every psychological state is conceptually correlated with observable criteria.

For purposes of the present discussion, never mind why Wittgenstein thinks this or whether he's right. The question is whether this makes him a behaviourist or functionalist. It might seem to, since a mental state (pain) is being defined by its causal role (the production of pain behaviour, including wincing). But here's why it doesn't.

Wittgenstein believes that mental states are defined in terms of their causal roles. But in order to be a behaviourist or functionalist, he would have to believe two further things: first, that psychological states are defined *exclusively* in terms of their causal roles; and second, that those causal roles can in turn be specified in purely *non-psychological* terminology. Wittgenstein believes neither of these things.<sup>41</sup>

Wittgenstein thinks it's a conceptual (or, as he would say, grammatical) truth about pain that certain sorts of behaviour are evidence for its presence, and their lack is evidence for its absence – *some* evidence, not *decisive* evidence. I can be in pain without exhibiting pain-behaviour (perhaps I am being stoical), and I can exhibit pain-behaviour without being in pain (I might be play-acting, or trying to deceive you). But being in pain involves, by its very nature, some tendency to express that pain in characteristic outward ways. In that sense, the link between pain and its causal role is logical, not empirical. But Wittgenstein is not saying that the causal role *exhausts* the concept of pain, that pain is nothing but a complex disposition for pain-behaviour:

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<sup>41</sup> My understanding of Wittgenstein on criteria is indebted to John Cook, "Human Beings," in Peter Winch, ed., *Studies in the Philosophy of Wittgenstein* (London: Routledge, 1969), and Ronald Suter, *Interpreting Wittgenstein: A Cloud of Philosophy, A Drop of Grammar* (Philadelphia: Temple University Press, 1989).

“But you will surely admit that there is a difference between pain-behaviour accompanied by pain and pain-behaviour without any pain?” – Admit it? What greater difference could there be? (*PII*. 304.)

An hypothesis stands to reality, as it were, in a looser connection than that of verification. (*N* 21.1.30.)

A description of the verification of a proposition is a *contribution* to its grammar. (*N* 30.6.31; emphasis added.)

Now it cannot be doubted that we regard certain facial expressions, gestures, etc. as characteristic for the expression of belief. We speak of a ‘tone of conviction’. And yet it is clear that this tone of conviction isn’t always present whenever we rightly speak of conviction. ... [I]t is easy to see that the same eyes of which we say they make a face look friendly do not look friendly, or even look unfriendly, with certain other wrinkles of the forehead, lines round the mouth, etc. ... One might be tempted to say “This trait can’t be said to make the face look friendly, as it may be belied by another trait”. And this is like saying “Saying something with the tone of conviction can’t be the characteristic of conviction, as it may be belied by experiences going along with it”. But neither of these sentences is correct. It is true that other traits in this face could take away the friendly character of this eye, and yet in this face it is the eyes which is the outstanding friendly feature. (*BB* pp. 144-146.)

I cannot know what he’s planning in his heart. But suppose he always wrote out his plans; of what importance would they be? If, for example, he never acted on them. ... Perhaps someone will say: Well, then they really aren’t plans. But then neither would they be plans if they were *inside* him, and looking into him would do us no good. (*LWPP* I. 234-235.)

I can perhaps even imagine (though it is not easy) that each of the people whom I see in the street is in frightful pain, but is artfully concealing it. And it is important that I have to imagine an artful concealment here. That I do not simply say to myself: “Well, his soul is in pain: but what has that to do with his body?” or “After all it need not shew in his body!” (*PII*. 391.)

Wittgenstein is thus staking out an intermediate position between, on the one hand, the view that the presence or absence of pain-behaviour is all there is to the presence or absence of pain, and, on the other hand, the view that pain could be what it is without any tendency at all to express itself in pain-behaviour.

We correlate rain with falling barometers by observing each, independently of the other, and noticing that they tend to go together. But it's not as though we experience rain, and *also* experience sensations of wet and cold, and then notice that they go together. Rather, we experience rain *by* and *in* experiencing such sensations. That's how we form the concept in the first place. And it is part of our concept of rain that such sensations are evidence for its presence.

*Decisive* evidence? By no means. Hallucinations and virtual-reality scenarios are not being dismissed *a priori*. We can observe rain criteria in the absence of rain. But we never observe rain except *by* and *in* its criteria:

The fluctuation in grammar between criteria and symptoms makes it look as if there were nothing at all but symptoms. We say, for example: "Experience teaches that there is rain when the barometer falls, but it also teaches that there is rain when we have certain sensations of wet and cold, or such-and-such visual impressions." In defence of this one says that these sense-impressions can deceive us [and therefore must be mere symptoms of rain, not criteria]. But here one fails to reflect that the fact that the false appearance is precisely one of rain is founded on a definition. ... The point here is not that our sense-impressions can lie, but that we understand their language. (*PII*. 354-355.)

Wittgenstein likewise thinks that, just as we can't observe rain and its criteria *separately* and notice an empirical correlation, so we can't observe pain and pain-behaviour separately and notice a correlation; rather, pain too is observed only *by* and *in* pain-behaviour.

(At this point you may ask: Can't I observe my own pain in myself, apart from pain-behaviour, and then notice an empirical correlation between my pain and my pain-behaviour, which I then generalize to others? To this I answer: Many papers have been written on the question of whether Wittgenstein's theory of criteria is correct or incorrect. This is not one of them. Note, however, that Wittgenstein might be right in affirming a conceptual link between pain and pain-behaviour even if he's wrong in his epistemic *argument* for that claim.)

Just as Wittgenstein does not claim that there is nothing to mental states beyond their causal role, he also does not claim, as a behaviourist or functionalist would have to, that the causal role can be described in purely "observational" terms, as a positivist would

define “observational” – namely, purged of all psychological associations. As Cerbone writes, “Behavior, for Wittgenstein, is not the austere production of noises and bodily movements ....” (p. 312n.) Consider two examples that Wittgenstein offers as “criteria” of mental states:

[H]ow are we to judge whether someone meant such-and-such? – The fact that he has, for example, mastered a particular technique in arithmetic and algebra, and that he taught someone else the expansion of a series in the usual way, is such a criterion. (*PII*. 692.)

“You must sense the sadness of this face.” ... Whoever senses it often imitates the face with his own. ... [T]his sensation ... has a characteristic expression within the repertory of facial expressions and gestures. ... What is the expression, the criterion, for this sensation? Surely the way, for example, or the kind of expression with which someone will sing a melody he’s just heard. Also, perhaps the kind of face he has then. Or: what he will say about it. ... But the truth of the matter is: ‘Wailing’ is not a purely acoustical concept. (*LWPP* 746-748.)

In the first case, the criterion is having mastered and taught a technique. In the second, the criterion is singing sadly, or making a sad face, or the like. But these are not criteria that could be specified in a neutral, positivistic observation-language. Wailing is a criterion of sadness or dismay, but wailing, as Wittgenstein says, is not a purely acoustical concept. Neither is wincing a purely physical category. Just as it is part of the concept of pain that it tends to express itself in wincing, so it is part of the concept of wincing that it tends to be an expression of pain. A wince can be fake; but – to paraphrase Wittgenstein’s remarks about rain – *the fact that the false appearance is precisely one of pain is founded on a definition; the point here is not that wincings can lie, but that we understand their language.*

Suter characterizes Wittgenstein’s notion of a criterion as follows:

A test for whether X is a criterion for Y is always: could you completely understand the meaning “Y” without having grasped the connection between X and Y? If the answer is yes, X is not a criterion for Y, though it may be evidence for Y. If the answer is no, X is a criterion for Y. (Suter, p. 145.)

In no way does this definition suggest either that the connection between X and Y must be one of exceptionless correlation, or that the conceptual link must be unidirectional.

Could a move in chess (to invoke one of Wittgenstein's favourite examples) be defined in terms of physical movements alone, without any use of chess terminology? What physical description would be adequate? Think of a chess game played with wooden pieces against an opponent; a chess game played with metal pieces against oneself; a chess game without physical pieces in which the moves are simply called out; a chess game played silently in one's own head; a chess game between a computer running a brute force chess program and a computer running a connectionist chess program. The physical movements involved in these various cases have nothing interesting in common, apart from being realizations of chess-playing.

One might suppose that the rules of chess could be specified by a Ramsey sentence replacing terms like "knight" and "pawn" with variables and stipulating the appropriate relationships among the variables. This can actually be done quite easily so long as those relationships themselves are described in chess terminology ("moves," "captures," and so on). But if one tries to eliminate chess terminology there too, one will quickly run aground; for then too many things will count as moves in chess. A summer rainstorm, a Chopin nocturne, a cow giving birth will all have the same logical structure as a chess game, provided that sufficiently gerrymandered conjunctions and disjunctions of physical properties (analogous to Quine's "gavagai" or Goodman's "grue") are allowed to stand in for such basic chess concepts as "piece," "move," and "square." And how could a rule for excluding such properties be constructed without employing any chess terminology? Perhaps such a rule exists, but if so it is not an object of human knowledge, and understanding chess is not a matter of understanding that rule. By the same token, we shall look in vain for an adequate description in exclusively non-mental vocabulary of the causal powers criterial of mental states. These considerations decisively rule out *analytical* versions of behaviourism and functionalism – versions that make a statement like "To be chess move A is to be an instantiation of Ramsey sentence B" part of the *sense* of the expression "chess move A." (I think they are equally telling against *a posteriori* versions but I shall not argue for that claim here, since it is the analytical

versions that might be thought to draw aid and comfort from what Wittgenstein says about criteria.)

In praxeology also, the causal relationships that must hold in order for an individual or a society to instantiate the relevant praxeological categories cannot be specified in non-physical terms. Hence, although it is true that empirical considerations come into play in determining whether a praxeological concept is applicable in a particular case, such empirical considerations cannot confine themselves to the sorts of purely quantitative magnitudes and repeatable experiments with which the physical sciences (supposedly) deal, but must instead involve the intuitive, interpretive method that Mises, borrowing from the hermeneutical tradition, calls *verstehen*.

Contrast this approach to economic understanding with that proposed by Felix Kaufmann:

After having analyzed the propositions of Economics which we take for granted, we declare that the economic behaviour of men has the properties  $p_1, p_2, \dots p_n$ . These properties are held to be necessary properties, in the sense that when one of them is absent we say that we are not dealing with economic behaviour. This statement looks like a judgment about reality and gives the appearance of containing an imputation of certain given properties to the real fact of economic behaviour. But that is a mistake; all that is done is to establish the definition of the concept "economic behaviour". The proposition says, in fact: we call human behaviour economic behaviour, only when it has the properties  $p_1, p_2, \dots p_n$ . ... But to speak in this case of the necessary properties of economic behaviour would give rise to the false impression that relations between real factors were in question, whereas, in fact, it is merely a matter of defining concepts.<sup>42</sup>

Kaufmann's account bears a superficial resemblance to those of Wittgenstein and Mises. For him, as for them, the possibility that some hitherto unknown variety of economic behaviour might turn out to falsify economic law is ruled out in advance, because any behaviour that deviates from what economic law will not count as an example of economic behaviour. But Kaufmann clearly assumes that his properties  $p_1, p_2, \dots p_n$  can

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<sup>42</sup> Felix Kaufmann, "Do Synthetic Propositions A Priori Exist in Economics: A Reply to Dr. Bernardelli," p. 340; in *Economica* 4 (August 1937), pp. 337-342.

be identified empirically *without the aid of economic categories* – as though they were observable physical phenomena that could be characterized in neutral scientific terms.<sup>43</sup>

By contrast, Mises and Hayek are at pains to point out that the features of reality to which praxeological categories apply may have no identifiable *purely physical* features in common. As Mises writes:

Only by deceiving itself could behaviorism reach the point where it would be in a position to say anything about action. If, true to its resolve, behaviorism were completely to renounce the attempt to grasp meaning, it could not even succeed in singling out what it declares to be the subject matter of its research from all that the senses observe of human and animal behavior. (*EPE* 2.3.)

Likewise, Hayek explains:

To describe a man's anger in terms of showing certain physical symptoms helps us very little unless we can exhaustively enumerate all the symptoms by which we ever recognize, and which always when they are present mean, that the man who shows them is angry. Only if we could do this would it be legitimate to say that in using this term we mean no more than *certain* physical phenomena. (*CRS* I. 5.)

Take such things as tools, medicine, weapons, words, sentences, communications, and acts of production – or any one particular instance of these. I believe these to be fair samples of the kind of objects of human activity which constantly occur in the social sciences. It is easily seen that all these concepts (and the same is true of more concrete instances) 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. These objects cannot even be defined in physical terms, because there is no single physical property which any one member of a class must possess. These concepts are not merely abstractions of the kind we use in all physical sciences; they abstract from *all* the physical properties of the things themselves. ... [W]e do not even consciously or explicitly know which are the various physical properties of which an object would have to possess at least one to be a member of a class. The situation may be described schematically by saying that we know the objects *a, b, c, ...*, which may be physically completely dissimilar and which we can never exhaustively enumerate, are objects of the same kind because the attitude of X toward them all is similar. But the fact that X's

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<sup>43</sup> Kaufmann was a member of both the *Miseskreis* and the *Wiener Kreis*, so it is perhaps no surprise that what he offers us is, in effect, a *positivistic version of praxeology*.

attitude toward them is similar can again be defined only by saying that he will react toward them by any one of the actions *abg*..., which again may be physically dissimilar and which we will not be able to enumerate exhaustively, but which we just know to “mean” the same thing. ... [This] is the *only* way in which we can ever “understand” what other people do .... We all know what we mean when we say that we see a person “playing” or “working,” a man doing this or that “deliberately,” or when we say that a face looks “friendly” or a man “frightened.” But though we might be able to explain how we recognize any one of these things in a particular case, I am certain none of us can enumerate, and no science can – at least as yet – tell us all the different physical symptoms by which we recognize the presence of these things. (*IEO* III. 2.)

On watching a few movements or hearing a few words of a man, we decide that he is sane and not a lunatic and thereby exclude the possibility of his behaving in an infinite number of “odd” ways which none of us could ever enumerate and which just do not fit into what we know to be reasonable behavior .... Similarly, I shall, from a few observations, be able rapidly to conclude that a man is signaling or hunting, making love to or punishing another person, though I may never have seen these things done in this particular way; and yet my conclusion will be sufficiently certain for all practical purposes. ... [W]e cannot state any physical conditions from which we can derive with certainty that the postulated conditions are really present in any particular case .... Although we all agree that in the great majority of cases our diagnosis will be correct. ... What I shall in particular circumstances recognize as a “friendly face,” the denotation of the concept, is largely a matter of experience. But what I mean when I say this is a “friendly face,” no experience in the ordinary sense of the term can tell me. What I mean by a “friendly face” does not depend on the physical properties of different concrete instances, which may conceivably have nothing in common. Yet I learn to recognize them as members of the same class – and what makes them members of the same class is not any of their physical properties but an imputed meaning. (*IEO* III. 2.)

For Hayek, we understand others’ behaviour by entering imaginatively into it, by trying to make sense of it from the inside.

[I]n discussing what we regard as other people’s conscious actions, we invariably interpret their action on the analogy of our own mind. ... If, for example, we watch a person cross a square full of traffic, dodging some cars and pausing to let others pass, we know (or believe we know) much more than we actually perceive with our eyes. ... I know the meaning of

this action because I know what I would have done in similar circumstances.<sup>44</sup> (*IEO* III. 2.)

For example, if we see people exchanging coins and hauling off piles of wood, we try to enter into their behaviour and see what beliefs and preferences we would have to have in order to find it natural to perform these actions. That is how we determine which praxeological categories should be applied to the situation. Of course we might fail, and be baffled. We might not know what to make of them; in the extreme, we might decide their behaviour was not action at all, but some sort of reflex or automatism. Praxeology defines the criteria of money, cost, preference, and the like; but we have to use our intuitive understanding to recognize these criteria when they actually show up, since the criteria fall under teleological or thymological kinds, not physical ones. Of course we can make a mistake, identifying an exchange as a sale when it is actually a religious ritual or whatnot. But *the fact that the false appearance is precisely one of selling is founded on a definition; the point here is not that exchanges can lie, but that we understand their language.*

Economic theory thus has both an aprioristic moment and a hermeneutical moment. Apriorism comes in at the level of formal theory; hermeneutics comes in at the level of application. Hence the contemporary dispute within the Austrian School between

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<sup>44</sup> Similar ideas are found in G. K. Chesterton, "The Secret of Father Brown," \*\*\*; Richard Taylor, *Action and Purpose* (Englewood Cliffs: Prentice-Hall, 1966), pp. 242-243; and R. G. Collingwood, *The Idea of History* (London: Oxford University Press, 1946), p. 283. But Hayek should not be interpreted as claiming that we must ascribe to his pedestrian any particular mental images or feelings – what Frege would call "ideas." Borrowing the pedestrian example, Karl Popper writes: "A psychologist may even question whether Richard really 'had in mind' anything like an 'aim' of crossing the road or whether, rather, his only 'aim' in a psychological sense, was to avoid missing his train, and whether he was not entirely absorbed by this one idea. Subsidiary aims, such as crossing the road, or putting one foot before the other, or keeping his balance while walking, or holding on to his attaché case, may all be non-existent, psychologically speaking, even though we may by logical analysis recognize them as intermediate aims which, under the given conditions, are pre-requisites for achieving the ultimate aim of catching the train." (Karl Popper, *The Myth of the Framework: In Defence of Science and Rationality*, ed. M. A. Notturmo (London: Routledge, 1994), p. 167.) Popper adds that in his view "we clarify the nature of social theory if ... we de-psychologize the aims, information, and knowledge of the actors in typical social situations." (p. 182n.) It's worth adding, however, that for Popper, *de-psychologizing* involves *de-subjectivizing* (cf. "The Autonomy of Sociology," in David Miller, ed., *Popper Selections* (Princeton: Princeton University Press, 1985), pp. 345-356) whereas for Mises it emphatically does not. We can still interpret the pedestrian's behaviour in *subjectivist* terms, as stemming from his beliefs and desires, without ascribing any *particular* experiential character to those beliefs and desires.

aprioristic and hermeneutical factions misses the point.<sup>45</sup> Hermeneutical *verstehen* decides how to apply the formalism to particular cases, a subject on which the formalism itself cannot rule; but the formalism constrains the possible interpretations that *verstehen* can legitimately come up with. To paraphrase Kant's famous maxim:

***PRAXEOLGY WITHOUT THYMOLOGY IS EMPTY;  
THYMOLOGY WITHOUT PRAXEOLGY IS BLIND***

Hayek's notion of *inferring* other people's mental states from our own is one that Wittgenstein would want to resist, for reasons that need not detain us here. Nevertheless, this conception of hermeneutical understanding, of entering into the attitudes of another, plays a role in Wittgenstein's theory as well:

And there is even something in saying: he can't *think* it. One is trying e.g. to say: he can't fill it with personal content; he can't really *go along with it* – personally, with his intelligence. It is like when one says: this sequence of notes makes no sense, I can't sing it with expression. I cannot *respond* to it. (*RFM* I. 116.)

Look at a stone and imagine it having sensations. – One says to oneself: How could one so much as get the idea of ascribing a *sensation* to a *thing*? ... And now look at a wriggling fly and at once these difficulties vanish and pain seems able to get a foothold here, where before everything was, so to speak, too smooth for it. ... Our attitude to what is alive and to what is dead is not the same. All our reactions are different. – If anyone says: "That cannot simply come from the fact that a living thing moves about in such-and-such a way and a dead one not" then I want to intimate to him that this is a case of the transition 'from quantity to quality'. (*PII*. 284.)

The way that a living thing moves about is here a *criterion* for its being capable of pain – and thus a criterion for our being able to *verstehen* its pain. And what Wittgenstein means by the Marxian phrase *transition from quantity to quality* is that we cannot read off its pain from some simple quantitative or mechanistic enumeration of its

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<sup>45</sup> My suggested solution counts as a *dialectical* one, in Sciabarra's sense: "A thinker who employs a dialectical method embraces neither a pole nor the middle of a duality of extremes. ... He or she presents an integrated alternative that examines the premises at the base of an opposition as a means to its transcendence. [The dialectical thinker] does not literally *construct* a synthesis out of the debris of false alternatives [but rather] aims to *transcend* the limitations that ... traditional dichotomies embody." (Chris Matthew Sciabarra, *Ayn Rand: The Russian Radical* (University Park: Pennsylvania State University Press, 1995), pp. 16-17.

bodily movements; our recognition of the fly's pain is an irreducibly (or at any rate unreduced) *qualitative* experience, like Hayek's recognition of a friendly face.

## From Wood-sellers to Bed-sellers

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*Though this be madness, yet there is method in't.*

– William Shakespeare<sup>46</sup>

Hayek employs the notion of *verstehen* to dismiss the possibility of descriptive polylogism; and in doing so, he arrives at a characterization of “illogical thought” remarkably like Wittgenstein’s:

[I]t is not only impossible to recognize, but meaningless to speak of, a mind different from our own. What we mean when we speak of another mind is that we can connect what we observe because the things we observe fit into the way of our own thinking. But where this possibility of interpreting in terms of analogies from our own mind ceases, where we can no longer “understand” – there is no sense in speaking of mind at all; there are then only physical facts which we can group and classify solely according to the physical properties we observe.<sup>47</sup> (*IEO* III. 2.)

The praxeological doctrine that there is no such thing as irrational action proves in turn to be simply an application of the Wittgensteinian insight that there is no such thing as illogical thought. Just as we count no transition between thoughts as an inference unless it accords with the laws of logic, so we count no behaviour as an action unless it accords with the laws of economics. But as long as someone can be interpreted as exchanging what she values less for what she values more, and choosing the means she thinks effective to the ends she currently desires, then she fulfills the requirements for the application of economic categories – regardless of how odd we may find her selection of ends or her beliefs about means. Mises writes:

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<sup>46</sup> *Hamlet* II. 2.

<sup>47</sup> Similarly, Rothbard writes: “The distinctive and crucial feature in the study of man is the concept of *action*. *Human action is defined simply as purposeful behavior*. ... We could not conceive of human beings who do not act purposefully, who have no ends in view that they desire and attempt to attain. Things that did not *act*, that did not behave purposefully, would no longer be classified as human.” (*MES* I. 1.)

There may be men who aim at different ends from those of the men we know, but as long as they are men – that is, as long as they do not merely graze like animals or vegetate like plants, but act because they seek to attain goals – they will necessarily always be subject to the logic of action, the investigation of which is the task of our science. (*EPE* IV. 3.)

It was once usual to consider the behavior of lunatics and neurotics as quite nonsensical and “irrational.” It is the great merit of Breuer and Freud that they have disproved this opinion. Neurotics and lunatics differ from those whom we call sane and normal with regard to the means which they choose for the attainment of satisfaction and with regard to the means which they apply for the attainment of these means. Their “technology” is different from that of sane people, but they do not act in a categorically different way. They aim at ends and they apply means in order to attain their ends. A mentally troubled person with whom there is still left a trace of reason and who has not been literally reduced to the mental level of an animal, is still an acting being. Whoever has the remnants of a human mind cannot escape the necessity of acting. (*MMM* II. 2.)

When Mises hails Breuer and Freud for discovering that the mentally ill do not act irrationally, is he claiming that a praxeological truth has been established empirically? Indeed not. What Mises takes Breuer and Freud to have discovered is not that the actions of madmen are rational, but that the behaviours of madmen are actions – a hermeneutical, thymological discovery, not a praxeological one.

The opposite of action is not *irrational behavior*, but a reactive response to stimuli on the part of the bodily organs and instincts which cannot be controlled by the volition of the person concerned. (*HA* I. 4.)

Compare Wittgenstein:

We *might* say: “They appear to be following a rule which escapes us,” but also “Here we have a phenomenon of behaviour on the part of human beings, which we don’t understand”. (*RFM* VI. 45.)

In praxeological terms: we might say of people like the wood-sellers either a) that they are acting, but their beliefs and desires escape us, or else b) that their behaviour is no action but mere bodily movement.

I have mentioned earlier that Hayek eventually moved away from praxeology. Although I have been defending praxeology, and thus taking the side of Mises and Rothbard against (the later) Hayek on that score, I do not wish to subscribe to Rothbard’s

charge that Hayek's later work (which I greatly admire)<sup>48</sup> represents a betrayal of praxeology in favor of "irrationalism" or "tropism." Rothbard contrasts Hayek unfavorably with Mises on this point:

Mises concludes that the adoption and the development of the division of labor rests on man's reason and will, on his recognition of the mutual benefits of exchange. This emphasis on reason and will, in the noblest traditions of rationalism, contrast [sic] sharply to the Hayekian or Scottish Enlightenment emphasis on society or the market as the product of some sort of tropism or instinct, e.g. Hayek's emphasis on the tropistic, unwilled emergence of "spontaneous order," or Adam Smith's conjuring up of a spurious instinct, or "propensity to truck and barter," as an explanation of exchange. ... In neglecting the fundamental point that all human actions are determined by the individuals' values and ideas, a "praxeological" insight at the heart of Misesian thought, Hayek can only believe, without explicitly declaring it, that human beings are not conscious actors and choosers but only tropistic stimulus-and-response mechanisms. (*SCH V.*)

But this characterization is quite unfair to Hayek,<sup>49</sup> who is after all not saying that the individual actions that contribute to social order are not aimed at *any* ends; his point is only that the social order that results from agents' interaction is not generally *among* the ends aimed at. Indeed, the entire dispute strikes me as in some ways more verbal than substantive. A case in point: after citing Mises' description of "social cooperation as an emanation of rationally recognized utility," and Hayek's response that "it certainly was not rational insight into its general benefits that led to the spreading of the market economy," Rothbard retorts:

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<sup>48</sup> As we've seen, Mises doesn't claim that all economic facts can be known *a priori*. Which economic properties can be truly predicated of real situations depends on what the actual conditions are, and that's an *a posteriori* matter. But Mises does sometimes suggest that there's nothing *systematic* to say about economics except what's *a priori*. I think that is a mistake, one usefully corrected by Hayek's later work (which – contra Hayek himself – I see as supplementing praxeology, not replacing it).

<sup>49</sup> And no less unfair to Adam Smith. Contrary to Rothbard's suggestion, what Smith actually says is: "This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another. Whether this propensity be one of those original principles in human nature of which no further account can be given; or whether, *as seems more probable, it be the necessary consequence of the faculties of reason and speech*, it belongs not to our present subject to inquire." (*Wealth of Nations* I. 2; emphasis added.)

If not that, one wonders then how the market economy got established in the first place. For each individual exchange, no person would engage in it unless he knew consciously and ‘rationally’ that he would benefit. (*SCH V.*)

But this is to miss the point of the word *general* in Hayek’s reference to “rational insight into its general benefits.” Hayek is not claiming that people expect no benefit from the exchanges they enter, but only that the benefit they expect is *simply* to get what they want more in exchange for what they want less on each particular occasion – rather than, in addition, the wider and more recondite benefit of the market *system* in which their exchanges take place.<sup>50</sup> Rothbard does cite “two centuries of a classical liberal movement in Western Europe and the United States dedicated to freedom and free markets” (*SCH V*) as evidence that concern for “general benefits” *has* played a more significant role in “the spreading of the market economy” than Hayek seems to recognize here. But if Hayek and Rothbard do disagree about the extent to which the market order as a whole was intended, that’s not a disagreement about economic principles but about their application – a thymological disagreement, not a praxeological one. Hayek’s theories of spontaneous order are entirely compatible with Mises’ doctrine that all action is rational.

But – it may be protested – what can it mean to say that people never act irrationally? Don’t they act irrationally all the time? Well, just as Wittgenstein does not mean to deny the existence of the phenomenon we call illogical thought, but simply wants to reinterpret it, so Mises grants that people can do bizarre, ill-considered, and self-destructive things, but he resists calling them irrational.

Let’s consider what seems like a clear case of irrational action: Rousseau’s example, in the *Second Discourse*, of the man who sells his bed in the morning, because he’s not sleepy and so doesn’t need it, only to seek frantically to buy it back in the evening.<sup>51</sup>

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<sup>50</sup> “That the resulting social order is unintended does not imply that the individual decisions comprising it need not be deliberative.” (Lawrence H. White, “Methodology in *Human Action*,” p. 213; in *Cato Journal* 19, No. 2 (1999), pp. 211-214.)

<sup>51</sup> “[The primitive man’s] soul, agitated by nothing, is given over to the single feeling of his own present existence, without any idea of the future, however near it may be, and his projects, as limited as his views, hardly extended to the end of the day. Such is, even today, the extent of the Carib’s foresight. In the morning he sells his bed of cotton and in the evening he returns in tears to buy it back, for want of having

Elaborating on the example a bit, suppose Rousseau's bed-seller sells me his bed each morning for \$10, and then buys it back from me that evening for \$20, only to repeat the whole performance on the following day. As the days pass, I grow steadily richer, and he grows steadily poorer. His stock of money constantly dwindles; his stock of beds does not grow, but fluctuates daily between zero and one. This series of voluntary transactions leads him to end up far worse off than he started. (This bed-seller is reminiscent of Wittgenstein's wood-sellers, who can be similarly exploited by anyone who buys narrow and sells wide.)

The bed-seller seems to have inconsistent preferences. He prefers \$10 to his bed, but then he turns around and prefers his bed to \$20. If he may be assumed to prefer \$20 to \$10, then his preferences form a vicious circle. Surely action on such preferences is irrational. How can Mises handle such a case?

Mises handles it by agreeing: action on inconsistent preferences would be irrational. But where in this case is there any action on inconsistent preferences? Here we have an action of exchanging a bed for \$10. That action reveals a preference for \$10 over a bed. Nothing inconsistent about that. Then we have a second action: exchanging \$20 for a bed. That action reveals a preference for a bed over \$20. No inconsistency there either. And so on. What we have is a series of actions, each one perfectly rational. Of course the whole sequence of actions isn't rational; but the whole sequence of actions isn't an action either. A whole sequence of actions could be an action, if they were all part of a unified plan; but clearly there's no unified plan here. The man relinquishes his bed in order to get \$10; and then he parts with \$20 in order to get his bed back; but there isn't any goal for the sake of which he performs the entire sequence. No goal, no action; no problem.

But what if there *were* a common goal? What if the bed-seller deliberately embraced this series of actions in order to prove some philosophical point, like Dostojevski's Underground Man going mad to refute determinism? Why, then we should have a perfectly rational action: he desires to prove a point, he believes that this sequence of

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foreseen that he would need it that night. (Rousseau, *Discourse on the Origin of Inequality*, pp. 863-864\*\*\*) As we shall see, this case as Rousseau described it is not ruled out by praxeology. Nevertheless, we might fairly wonder whether Rousseau has described it correctly or has instead made a thymological mistake, e.g., whether the Carib understood the transaction as a sale.

actions will prove it, so he performs them. Of course the preference that guides this sequence of actions is not a preference for bed over money or money over bed; it is a preference for proving a philosophical bet – an entirely different preference, and of course not an inconsistent one. Mises writes:

The attempt has been made to attain the notion of a nonrational action by this reasoning: If *a* is preferred to *b* and *b* to *c*, logically *a* should be preferred to *c*. But if actually *c* is preferred to *a*, we are faced with a mode of acting to which we cannot ascribe consistency and rationality. This reasoning disregards the fact that two acts of an individual can never be synchronous. If in one action *a* is preferred to *b* and in another action *b* to *c*, it is, however short the interval between the two actions may be, not permissible to construct a uniform scale of value in which *a* precedes *b* and *b* precedes *c*. ... All that the example proves is that value judgments are not immutable .... Constancy and rationality are entirely different notions. ... Let us suppose that somebody has chosen to act inconstantly for no other purpose than for the sake of refuting the praxeological assertion that there is no irrational action. What happens here is that a man aims at a peculiar goal, viz., the refutation of a praxeological theorem, and that he accordingly acts differently from what he would have done otherwise. He has chosen an unsuitable means for the refutation of praxeology, that is all. (*HA* V. 4.)

The same point is made by Israel Kirzner:

The man who has cast aside a budget plan of long standing in order to indulge in the fleeting pleasure of wine still acts under a constraint to adapt the means to the new program. Should a fit of anger impel him to forgo this program as well and to hurl the glass of wine at the bartender's head, there will nonetheless be operative *some* constraint – let us say the control required to ensure an accurate aim – which prevents his action from being altogether rudderless. ... Precisely because man's actions are not haphazard, but are expressions of a necessity for bringing means into harmony with ends, there is room for explanation of the content of particular actions in terms of the relevant array of ends. ... Action is necessarily rational because ... the notion of purpose carries with it invariably the implication of requiring the selection of the most reasonable means for its successful fulfillment.<sup>52</sup>

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<sup>52</sup> Israel M. Kirzner, *The Economic Point of View: An Essay on the History of Economic Thought* (Princeton: Van Nostrand, 1960), pp. 171-172.

In Mises' and Kirzner's view, then, there is no logical incoherence in the bed-seller's preferences either, because his actions are chosen at different times. In the morning, he genuinely prefers \$10 to his bed. In the evening, he genuinely prefers his bed to \$20. Of course his later preference is inconsistent with his earlier one, but naturally preferences often do change over time. Then what is wrong? He does this. And he gets along all right. What more do you want?

David Ramsay Steele, for one, wants something more. Steele writes:

[I]t is a stubborn empirical fact that individuals do *not* always conform even to the lean requirements of Misesian 'action'. ... Observations show that individuals' preferences are not always consistent. ... A determined praxeologist can account for every vagary ... by positing a different end-means scheme in each case, and in this way rescue the apodictic certainty of praxeology, but this would be at the cost of rendering it inapplicable because all too promiscuously applicable. ... [T]he praxeology that is apodictically true tells us nothing about empirical reality, whilst the praxeology that tells us something about reality is not apodictically true. ... [T]he Misesian conception of an individual with a consistent, stable ordering of preferences is ... literally false if taken as a claim about every individual at all times.<sup>53</sup>

But what exactly is Steele asking of praxeology when he insists that it tell him something "about empirical reality"? It is of course true enough that praxeology will avail us little unless we know how to apply it, and that there is no apodictically certain method of applying it. That is not an objection to Mises' doctrine; it *is* Mises' doctrine. Steele seems to think there is something *ad hoc* about "positing a different end-means scheme" for every eccentric action. But if Steele is willing to count these eccentric actions precisely as *actions*, rather than as epileptic seizures or something of the sort, then clearly he regards them as *motivated*, and it is hard to see what their being motivated comes to if not their embodying an end-means scheme. As for Steele's rejection of "the Misesian conception of an individual with a consistent, stable ordering of preferences," if Steele is talking about stability and consistency *at a time*, then it is not clear what he can be

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<sup>53</sup> Steele, *From Marx to Mises*, op. cit., pp. 98-99.

imagining as a counterexample;<sup>54</sup> and if he is talking about stability and consistency *over time*, then it is not Mises' conception that he is criticizing, since Mises explicitly denies diachronic stability: all Mises means is that every individual action reveals a *synchronically* consistent order of preferences

There is, however, a *sense* in which we can counterexample Mises' claim that contrary acts can never be synchronous.<sup>55</sup> Recall the story of Abraham and Isaac. God's command to Abraham leads to conflicting desires: on the one hand, Abraham desires to kill Isaac, because he wants to obey God; on the other hand, he desires not to kill Isaac, because he loves his son. Can Abraham act on both desires at once? Sure. As Abraham sharpens his knife and heads up the mountain, he's carrying out a plan aimed at Isaac's death; he is acting on his desire to kill Isaac. On the other hand, even as his steps carry him toward the summit, Abraham is praying to God, "Let this cup pass from me" (or something to that effect). If Abraham believes that his prayers have some chance of influencing God to relent, then his prayer too is the carrying out of a plan, one aimed at preventing the successful completion of his other plan.

Is this a case of synchronic inconsistency? Well, yes and no. The two plans are being enacted simultaneously, but there is no irrational action here. Instead there are two rational actions, one aiming at killing Isaac and the other aiming at not killing Isaac. Neither action is driven by inconsistent preferences. Of course the preferences that guide the first action are inconsistent with the preferences that guide the second, but the whole complex consisting of both actions is not itself an action – its components are not unified into a common plan driven by a common aim – and so Abraham does not *act* irrationally. Indeed, by definition two actions cannot count as parts or phases of a larger, unified, integrated action unless the preferences they involve can indeed be unified and integrated. It is just this that is called "acting." (Though we needn't get hung up on terminology here. A word can have more than one use. If someone wants to *call* the entire process of climbing-the-mountain-while-praying an action, that's fine; but such a

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<sup>54</sup> Steele gives the example of a person who initially prefers A to B, but when offered a third option, C, now prefers B to A. This is obviously a diachronic case, not a synchronic one, and so does not count against Mises.

<sup>55</sup> Indeed, he even claims, somewhat mysteriously, that acts *per se* can never be synchronous: HA V. 4.

process won't be an action *in the praxeological sense*. The praxeologist will explain this non-praxeological action by breaking it down into two aspects, each of which is a praxeological action.)

In short, an individual *can* have, contra Mises, synchronically inconsistent preference orderings. But each preference ordering is *internal* to its own action, even when the actions are simultaneous; and the preference ordering internal to a given action *cannot* be synchronically inconsistent (or diachronically inconsistent either, when we are dealing with a series of actions constituting a single action of longer duration, as many individual acts of stepping constitute a single act of walking across the room). So although technically a counterexample to Mises' official doctrine, the Abraham phenomenon is better understood as a strengthening of Mises' insights than as an objection to them.<sup>56</sup>

One can simultaneously believe "p" and believe "~p," but one cannot believe the conjunction "p & ~p." Analogously, one can simultaneously will "p" and will "~p," even though one cannot will "p & ~p." We may condemn the person with incompatible volitions for not achieving a synchronic integration of his preferences, just as we may condemn the bed-seller for not achieving a diachronic integration of his preferences. But the mere failure to integrate one's actions is not itself an action, and so is not an irrational action. Of course, there is undoubtedly such a thing as a *willful* failure to integrate one's actions. That would be an action – but it would also then be rational, since one would be choosing it as a satisfier of whatever one's motive happened to be. The result – my being stuck with conflicting preferences – wouldn't be rational; but then, the result is not my action, it's merely the *object* of my action. Or so the praxeologist may maintain.

But is that right? If my failure to integrate my preferences is the deliberately intended result of my action, doesn't that make it an action too? And if it is an action, is it rational or irrational? One can see the force of calling it rational: I choose it because I desire some end (relief from the burden of self-examination, say), and I believe that refusing to integrate my preferences is a means to that end; so my choice makes perfect sense. On the other hand, one can also see the force of calling it irrational: how can it not be irrational to voluntarily embrace a policy of aiming at incompatible goals?

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<sup>56</sup> I've never been fond of the phrase "an exception that proves the rule," but if there were ever a legitimate application of that notion, this is surely it.

Mises seems to think that only arrogant presumption could ever underlie the judgment that an action is irrational:

The assertion that there is irrational action is always rooted in an evaluation of a scale of values different from our own. Whoever says that irrationality plays a role in human action is merely saying, that his fellow men behave in a way that he does not consider correct. If we do not wish to pass judgment on the ends and the scales of value of other people and to claim omniscience for ourselves, the statement, "He acts irrationally," is meaningless, because it is not compatible with the concept of action. The "seeking to attain an end" and the "striving after a goal" cannot be eliminated from the concept of action. Whatever does not strive after goals or seek the attainment of ends reacts with absolute passivity to an external stimulus and is without a will of its own, like an automaton or a stone. ... Action is, by definition, always rational. One is unwarranted in calling goals of action irrational simply because they are not worth striving for from the point of view of one's own valuations. ... Instead of saying that irrationality plays a role in action, one should accustom oneself to saying merely: There are people who aim at different ends from those that I aim at, and people who employ different means from those I would employ in their situation. (*EPE* I. 2. 4.)

Human action is necessarily always rational. The term "rational action" is therefore pleonastic and must be rejected as such. When applied to the ultimate ends of action, the terms rational and irrational are inappropriate and meaningless. The ultimate end of action is always the satisfaction of some desires of the acting man. Since nobody is in a position to substitute his own value judgments for those of the acting individual, it is vain to pass judgment on other people's aims and volitions. No man is qualified to declare what would make another man happier or less discontented. The critic either tells us what he believes he would aim at if he were in the place of his fellow; or, in dictatorial arrogance blithely disposing of his fellow's will and aspirations, declares what condition of this other man would better suit himself, the critic. (*HA* I. 4.)

However one twists things, one will never succeed in formulating the notion of "irrational" action whose "irrationality" is not founded upon an arbitrary judgment of value. (*HA* V. 4.)

But Mises seems mistaken here. If I condemn the bed-seller, or Abraham, as irrational, I am not substituting my preferences for his; I am pointing out that his actions must necessarily frustrate one another. His policy is thus defective by his own standards. He

may have reasons for *wanting* his policy to be defective by his own standards, but that makes it no less defective.

I think that trying to adjudicate this dispute would be missing the point. *To logikon legetai dikhôs*. We have two senses of the word “rational” here, each legitimate. (In general Mises has an unfortunate tendency to treat any use of a term that deviates from his own use of that term as evidence of a conceptual mistake, as though a single term could never have more than one legitimate use.) If I will to have contradictory beliefs or contradictory volitions, that will be rational in the Misesian sense but irrational in, say, the Kantian sense. The Misesian sense is perfectly good for its purpose, which is economic analysis. Praxeology has no need of the Kantian sense. The Kantian sense may nonetheless be useful for other purposes.<sup>57</sup>

Karl Popper, a fellow-traveler of the Austrian School,<sup>58</sup> usefully distinguishes among three interpretations of what he calls the Rationality Principle. The principle itself he formulates as follows: “Agents always act in a manner appropriate to the situation in which they find themselves.”<sup>59</sup> But Popper notes that the meaning of this principle depends on the extent to which “situation” is understood objectively or subjectively:

It seems to me now that there are at least three senses of ‘rationality’ (and, accordingly, of the ‘rationality principle’), all objective, yet differing with regard to the objectivity of the situation in which the agent is acting: (1) *The situation as it actually was* – the objective situation which the historian tries to reconstruct. Part of this objective situation is (2) *The situation as the agent actually saw it*. But I suggest that there is a third sense intermediate between (1) and (2): (3) *The situation as the agent could* (within the objective situation) *have seen it*, and perhaps ought to

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<sup>57</sup> For the legitimacy of recognizing both praxeological and non-praxeological senses of *rationality*, see Kirzner, *Economic Point of View*, op. cit., pp. 167-177.

<sup>58</sup> My criteria for fellow-travelerhood are *mutuality of influence* and *commonality of concern*. Popper meets the first criterion through influencing, and being influenced by, Hayek. With regard to the second, Popper tends to be looked on with favour by Hayekians and with disfavour by Misesians. I think they are both right. Hayekians rightly hail Popper’s methodological individualism, critical rationalism, and opposition to historicism and social holism; Misesians rightly distrust Popper’s falsificationist epistemology, his *dirigisme*-Lite politics, and his opposition to apriorism. Popper has enough commonality of concern to count as a fellow-traveler of the Austrian School, though not enough to count as an Austrian himself.

<sup>59</sup> Karl Popper, *Myth of the Framework*, op. cit., p. 172.

have seen it. It is clear that there will be three senses of the ‘rationality principle’ corresponding to these three senses of ‘the situation’.<sup>60</sup>

This yields three senses of rationality:

- (1) To act rationally is to act in a manner appropriate to one’s situation as it actually is.
- (2) To act rationally is to act in a manner appropriate to one’s situation as one actually sees it.
- (3) To act rationally is to act in a manner appropriate to one’s situation as one could and should have seen it.

Popper makes a compelling case for the claim that all three senses of rationality are useful. As Popper points out, if we fail to distinguish between (1) and (2), “*a systematic rational criticism of competing solutions to historical problems becomes impossible*”;<sup>61</sup> while “if there is a clash between (2) and (3), then we may well say that the agent did not act rationally.”<sup>62</sup> Praxeologists need not be word-fetishists; it seems reasonable to grant that terms like “rational” can be used in several ways.

Once we recognize these three senses of rationality, we have also recognized three senses of the claim that people always act rationally:

- (1) Agents always act in a manner appropriate to their situation as it actually is.
- (2) Agents always act in a manner appropriate to their situation as they actually see it.
- (3) Agents always act in a manner appropriate to their situation as they could and should have seen it.

Which of these formulations of the Rationality Principle, if any, is Misesian praxeology committed to? Certainly not to (1), since Mises and other Austrians lay particular stress on imperfect character of the information under which agents act. What about (2)? That formulation seems ambiguous as between

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<sup>60</sup> *Myth of the Framework*, p. 183n.

<sup>61</sup> *Myth of the Framework*, p. 147; italics his.

<sup>62</sup> *Myth of the Framework*, p. 183n.

(2a) Whenever agents act, they do so in a manner appropriate to their situation as they actually see it.

and

(2b) Whenever agents are in a situation where action might be taken, they act in a manner appropriate to their situation as they actually see it.

Mises would accept (2a) and reject (2b), since (2a) allows for the possibility that the agent might not act at all, whereas (2b) does not.

As for (3), I think Mises would probably deny any distinction between (3) and (2), because Mises (unlike Popper) accepts causal determinism, so any situation in which an agent perceives her situation in a certain way is a situation in which that agent was causally necessitated to perceive it that way, and so could not have done otherwise. Mises argues that we must presuppose the law of causality in order to act at all:

All the elements of the theoretical sciences of human action are already implied in the category of action and have to be made explicit by expounding its contents. [A]mong these elements of teleology is also the category of causality .... The very category or concept of action comprehends the concepts of means and ends, of preferring and putting aside, viz., of valuing, of success and failure, of profit and loss, of costs. As no action could be devised and ventured upon without definite ideas about the relation of cause and effect, teleology presupposes causality. (*UFES* Pref. 7.)

Man is in a position to act because he has the ability to discover causal relations which determine change and becoming in the universe. Acting requires and presupposes the category of causality. Only a man who sees the world in the light of causality is fitted to act. In this sense we may say that causality is a category of action. The category *means and ends* presupposes the category *cause and effect*. In a world without causality and regularity of phenomena there would be no field for human reasoning and human action. ... Where man does not see any causal relation, he cannot act. (*HA* I. 5.)

From this, Mises concludes that causal determinism is a necessary presupposition of human action:

The logical structure of his mind enjoins upon man determinism and the category of causality. As man sees it, whatever happens in the universe is the necessary evolution of forces, powers, and qualities which were

already present in the initial stage of the X out of which all things stem. ... No change occurs that would not be the necessary consequence of the preceding state. All facts are dependent upon and conditioned by their causes. ... Man cannot even conceive the image of an undetermined universe. ... Nothing could be expected and predicted. In the midst of such an environment man would be as helpless as if spoken to in an unknown language. No action could be designed, still less put into execution. Man is what he is because he lives in a world of regularity and has the mental power to conceive the relation of cause and effect. ... The determinists are right in asserting that everything that happens is the necessary sequel of the preceding state of things. What a man does at any instant of his life is entirely dependent on his past, that is, on his physiological inheritance as well as of all he went through in his previous days. (*TH* II. 5. 1-3.)

This further inference is, I think, a mistake. There is a good case for saying that in order to act we must assume a world in which the connection between cause and effect is *fairly regular*. But nothing about *exceptionless* connection follows from Mises' argument.<sup>63</sup> Accordingly, Mises should reject (3) along with (1) and (2b), but accept (2a).<sup>64</sup>

The assertion that all action is rational may sound like the doctrines of psychological egoism or psychological hedonism: the claim seems implausible when interpreted narrowly, and vacuous when interpreted broadly. Mises certainly intends for it to be interpreted broadly; although he uses hedonistic and egoistic language in expounding his view, he insists that his terminology is purely formal and content-neutral. It is praxeological rather than thymological. In discussing the similar views of his mentor, the economist Eugen von Böhm-Bawerk, Mises writes:

Even Böhm-Bawerk thought that he had to defend himself against the reproach of hedonism. The heart of this defense consists in his statement that he had expressly called attention already in the first exposition of his theory of value to his use of the word "well-being" in its broadest sense, in which it "embraces not only the self-centered interests of a Subject, but everything that seems to him worth aiming at." Böhm-Bawerk did not see that in saying this he was adopting the same purely formal view of the character of the basic eudaemonistic concepts of pleasure and pain –

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<sup>63</sup> For a more moderate views of the connection between praxeology and determinism, see Hans-Hermann Hoppe, *TSC*, pp. 114-115; Hoppe, *DER*, p. 211n.; G. A. Selgin, "Praxeology and Understanding: An Analysis of the Controversy in Austrian Economics," *Review of Austrian Economics* 2 (1988), pp. 19-58.

<sup>64</sup> We shall return to Popper on the Rationality Principle in what follows.

treating them as indifferent to content – that all advanced utilitarians have held. ... [T]he concepts of pleasure and pain contain no reference to the content of what is aimed at ... (*EPE* IV. 3.)

Does this make the doctrine vacuous? Mises does not think so. Like the statements of mathematics, praxeological statements are conceptual truths; but to call them vacuous is to suggest that nothing surprising can be derived from them. Mises, of course, believes that the basic principles of praxeology entail a great many surprising conclusions – most notably the impracticability of socialism. As Kirzner likewise notes, the principle that all action is irrational, despite the “impossibility of its empirical contradiction,” nevertheless “conveys highly useful information because the insight it provides makes possible the derivation, *in regard to whatever program is relevant in given circumstances*, of highly developed chains of theorems.”<sup>65</sup> In this respect praxeological principles are like mathematical and geometrical principles, which turn out to generate such surprising results as the four-colour theorem. Who could have expected that such prodigious forces slumbered in the lap of a few modest axioms?

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<sup>65</sup> Kirzner. *Economic Point of View*, op. cit., p. 172.

## The Word Made Flesh

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*I don't try to make you **believe** something you **don't** believe, but to make you **do** something you won't do.*

– Ludwig Wittgenstein<sup>66</sup>

Are the conceptual truths of praxeology supposed to be *analytic* or *synthetic* propositions? Hayek describes them as analytic; Rothbard and Hoppe, as synthetic *a priori*. Mises rejects the entire question as unimportant:

The questions whether the judgments of praxeology are to be called analytic or synthetic and whether or not its procedure is to be qualified as “merely” tautological are of verbal interest only. (*UFES* II. 6.)

Nevertheless, Mises did take a shifting verbal interest in the matter. In *Human Action* he takes praxeology to be analytic, but denies that analytic propositions need be vacuous:

Aprioristic reasoning is purely conceptual and deductive. It cannot produce anything else but tautologies and analytic judgments. All its implications are logically derived from the premises and were already contained in them. ... All geometrical theorems are already implied in the axioms. The concept of a rectangular triangle already implies the theorem of Pythagoras. This theorem is a tautology, its deduction results in an analytic judgment. Nonetheless nobody would contend that geometry in general and the theorem of Pythagoras in particular do not enlarge our knowledge. Cognition from purely deductive reasoning is also creative and opens for our mind access to previously barred spheres. The significant task of aprioristic reasoning is on the one hand to bring into relief all that is implied in the categories, concepts, and premises and, on the other hand, to show what they do not imply. It is its vocation to render manifest and obvious what was hidden and unknown before. (*HA* II. 3.)

In his denial that analytic truths must thereby be vacuous, Mises is (perhaps unknowingly) following in the footsteps of Frege, who writes:

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<sup>66</sup> Quoted in Rush Rhees, *Discussions of Wittgenstein* (New York: Schocken Books, 1970), p. 43.

Kant obviously underestimated the value of analytic judgements – no doubt as a result of defining the subject too narrowly .... The more fruitful definitions of concepts draw boundary lines that were not there at all. What can be inferred from them cannot be seen from the start; what was put into the box is not simply being taken out again. These inferences extend our knowledge, and should therefore be taken as synthetic, according to Kant; yet they can be proved purely logically and are thus analytic. They are, in fact, contained in the definitions, but like a plant in a seed, not like a beam in a house. (*FA* 88.)

In *The Ultimate Foundation of Economic Science*, however, Mises apparently changes his mind and declares praxeological truths to be synthetic:<sup>67</sup>

The essence of logical positivism is to deny the cognitive value of a priori knowledge by pointing out that all a priori propositions are merely analytic. They do not provide new information, but are merely verbal or tautological, asserting what has already been implied in the definitions and premises. Only experience can lead to synthetic propositions. There is an obvious objection against this doctrine, viz., that this proposition that there are no synthetic a priori propositions is in itself a – as the present writer thinks, false – synthetic a priori proposition, for it can manifestly not be established by experience. (*UFES* Pref. 4.)

The motivation for Mises' shift seems to be, in part, the following. If the truths of praxeology are analytic, then it seems that they are true simply as a matter of stipulative definition. But such truths will then – or so it might seem – be arbitrary. And that is a conclusion that Mises is concerned to avoid:

The a priori knowledge of praxeology is entirely different – categorially different – from the a priori knowledge of mathematics or, more precisely, from mathematical a priori knowledge as interpreted by logical positivism. The starting point of all praxeological thinking is not arbitrarily chosen axioms, but a self-evident proposition, fully, clearly and necessarily present in every human mind. ... The starting point of praxeology is a self-evident truth, the cognition of action, that is, the cognition of the fact that there is such a thing as consciously aiming at ends. ... The truth of this

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<sup>67</sup> Hoppe likewise argues that “[the] definition of action is of a categorially different nature than [sic] a definition such as *bachelor* [sic] meaning ‘unmarried man.’ Whereas the latter is indeed a completely arbitrary verbal stipulation, the propositions defining action are most definitely not. In fact, while one can define anything as one pleases, one cannot help but make the conceptual distinctions between goals and means and so on as ‘defining something by something’ would itself be an action. ... [T]he event ‘increase in demand,’ and the event ‘a higher price is paid for it’ are two conceptually distinct events, and to logically relate such events then is a categorially different thing than [sic] to stipulate that *bachelor* means ‘unmarried man.’” (*DER*, pp. 212-213nn.)

cognition is as self-evident and as indispensable for the human mind as is the distinction between A and non-A. (*UFES* Pref. 4.)

In short, then, Mises came to conceive praxeology as more than merely formal. Praxeology does not simply trace out the implications of the concept of action while leaving it up to thymology to decide where, if anywhere, they apply. Instead, praxeology now has existential import; it does not merely say what will happen *if* action exists, but proceeds boldly to assert that the antecedent holds. So on the view of the later Mises, the basic principles of praxeology include one synthetic *a priori* statement: action exists. (The other principles, so far as I can tell, are still analytic; but the body of *a priori* truths derived from the entire set of principles will now of course be synthetic.)

The knowledge that human action exists seems a plausible candidate for a synthetic proposition – but why is it *a priori*? Why couldn't we come to know through experience that action occurs? Mises' reply, in effect, is that the existence of action is a *presupposition* of our inquiry:

One does not annul the cognitive significance of the *a priori* by qualifying it as tautological. A tautology must *ex definitione* be the tautology – restatement – of something said already previously. If we qualify Euclidian geometry as a hierarchical system of tautologies, we may say: The theorem of Pythagoras is tautological as it expresses merely something that is already implied in the definition of a right-angled triangle.

But the question is: How did we get the first – the basic – proposition of which the second – the derived – proposition is merely a tautology? In the case of the various geometries the answers given today are either (a) by an arbitrary choice or (b) on account of its convenience or suitability. Such an answer cannot be given with regard to the category of action.

Neither can we interpret our concept of action as a precipitate of experience. It makes sense to speak of experience in cases in which also something different from what was experienced *in concreto* could have possibly been expected before the experience. ... If we qualify a concept or a proposition as *a priori*, we want to say: first, that the negation of what it asserts is unthinkable for the human mind and appears to it as nonsense; secondly, that this *a priori* concept or proposition is necessarily implied in our mental approach to all the problems concerned, i.e., in our thinking and acting concerning these problems. (*UFES* I. 3.)

Rothbard elaborates:

The action axiom, in particular, should be, according to Aristotelian philosophy, unchallengeable and self-evident since the critic who attempts to refute it finds that he must use it in the process of alleged refutation. Thus, the axiom of the existence of human consciousness is demonstrated as being self-evident by the fact that the very act of denying the existence of consciousness must itself be performed by a conscious being. ... A similar self-contradiction faces the man who attempts to refute the axiom of human action. For in doing so, he is ipso facto a person making a conscious choice of means in attempting to arrive at an adopted end: in this case the goal, or end, of trying to refute the axiom of action. He employs action in trying to refute the notion of action. Of course, a person may say that he denies the existence of self-evident principles ... but this mere saying has no epistemological validity. (*PMAE*.)

Nevertheless, the action axiom, insofar as it rests simply on this self-refutation argument, does not prove very much. It establishes that action exists; but it doesn't tell us *which* events are actions or even whether any agents exist other than oneself. *That task is still left to thymology.* So if *this* is the argument for the synthetic *a priori* status of praxeological claims, it turns out to be surprisingly weak.

Where does Wittgenstein stand on this issue? As I read him, he rejects the distinction between analytic and synthetic propositions. As traditionally understood, analytic truths are linguistic *stipulations*, and therefore have no factual commitments, whereas synthetic truths do have factual commitments, and so are not merely stipulative. Neither of these descriptions characterizes conceptual truths as Wittgenstein understands them. For Wittgenstein, a conceptual (or, as he would say, "grammatical") proposition is indeed stipulative, and so in a certain sense lacks factual *content*; so it would be misleading to call it "synthetic."

Is  $25^2 = 625$  a fact of experience? You'd like to say: "No." – Why isn't it? – "Because, by the rules, it can't be otherwise." – And why so? – Because *that* is the meaning of the rules. Because that is the procedure on which we build all judging. ... Following a rule is a human activity. (*RFM* VI. 28-29.)

But it would also be misleading to call a conceptual truth "analytic"; for while such a truth lacks factual *content*, it does not lack factual *commitments*, because for Wittgenstein the ability to apply a concept correctly is part of what it means to possess that concept in the first place.

A similar idea is expressed by Ayn Rand, another fellow-traveler of the Austrian School:<sup>68</sup>

In order to think at all, man must be able to perform this cycle: he must know how to see an abstraction in the concrete and the concrete in an abstraction, and always relate one to the other. He must be able to derive an abstraction from the concrete [and] then be able to apply the abstraction .... Example: a man who has understood and accepted the abstract principle of unalienable individual rights cannot then go about advocating compulsory labor conscription .... Those who do have not performed either part of the cycle: neither the abstraction nor the translating of the abstraction into the concrete. The cycle *is unbreakable*; no part of it can be of any use, until and unless the cycle is completed .... A broken electric circuit does not function in the separate parts; it must be unbroken or there is no current ....<sup>69</sup>

In other words: we don't have the abstraction and *then* see if we can apply it to the concrete; rather, the ability to apply it to the concrete is *part* of having the abstraction. Likewise, for Wittgenstein, one cannot employ a concept, *or any proposition containing that concept*, without being committed to the truth of various factual propositions that apply that concept to reality. For example, although "bachelors are unmarried men" is a grammatical proposition that holds in virtue of a linguistic stipulation, one cannot assert that proposition without employing the concept "bachelor," and one cannot count as employing *that* concept unless one has a reasonably reliable capacity to distinguish bachelors from non-bachelors in the real world. Otherwise "bachelors are unmarried men" is just meaningless sounds, or dead marks on a page, not something that can serve as the content of a judgment:

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<sup>68</sup> Rand meets the mutuality-of-influence criterion, having been influenced by Mises and having influenced Rothbard and Reisman. With regard to commonality of concern, while Rand disagreed with Mises' apriorism and subjectivism (Robert Mayhew, ed., *Ayn Rand's Marginalia* \*\*\*), she strongly endorsed most of his social philosophy. (Rand's newsletter published rave reviews of *Human Action*, *Planned Chaos*, *Planning for Freedom*, *Omnipotent Government*, and *The Anti-Capitalistic Mentality*.) She was more critical of Hayek; nevertheless, her account of the role of moral principles in reducing cognitive complexity has much in common with Hayek's. (See my *Reason and Value: Aristotle versus Rand* (Poughkeepsie: Objectivist Center, 2000), p. 120n., and "The Benefits and Hazards of Dialectical Libertarianism," *op. cit.*)

<sup>69</sup> Ayn Rand, *Journals of Ayn Rand*, ed. David Harriman (New York: Dutton, 1997), p. 481.

Surely, one wishes to say, mathematics does not treat of dashes on a bit of paper. Frege's idea could be expressed thus: the propositions of mathematics, if they were just complexes of dashes, would be dead and utterly uninteresting, whereas they obviously have a kind of life. And the same, of course, could be said of any proposition: Without a sense, or without the thought, a proposition would be an utterly dead and trivial thing. And further it seems clear that no adding of inorganic signs can make the proposition live. And the conclusion which one draws from this is that what must be added to the dead signs in order to make a live proposition is something immaterial, with properties different from all mere signs.

But if we had to name anything which is the life of the sign, we should have to say that it was its *use*. (*BB*, p. 4.)

But why, we might ask, is it the *use*, rather than the corresponding mental idea, that gives the sign its life? Well, in a sense it certainly is the mental idea. But having a mental idea isn't just a matter of having some image in one's head. For an image in one's head requires interpretation just as much as an external written or spoken sign does. *What* we think, in having that image, depends on what we are disposed to *do* with that image; otherwise it is indeterminate just what our mental idea is. Recall once again the following passage:

I cannot know what he's planning in his heart. But suppose he always wrote out his plans; of what importance would they be? If, for example, he never acted on them. ... Perhaps someone will say: Well, then they really aren't plans. But then neither would they be plans if they were *inside* him, and looking into him would do us no good. (*LWPP* I. 234-235.)

Whether my mental goings-on count as *plans* or not depends in part on whether I have a tendency to act on them. This tendency can be defeasible, of course; but it must be there.

Wittgenstein's account of conceptual truths is the moral of this passage writ large.

What, for example, is involved in thinking "there are no tigers in the room"? It can't simply be a matter of imagining the room without tigers in it, for that image could serve just as well as a sign of the thought "there are no buffalo in the room." (Unless I imagine the room with buffalo but no tigers; but then it would serve equally well as a sign for "there *are* buffalo in the room," which is not what I am thinking when I think there are no tigers in the room.) Or do I perhaps imagine the room with tigers in it, but with a big X

through it? Well, in that case, what do I mean by the X? After all, such an image could serve just as well to represent the thought “tigers *should* not be in the room,” or the thought “there are no rooms, and no tigers,” or the thought “the room contains tigers and a large X-shaped thing.”

What is the difference between the two processes: wishing that something should happen – and wishing that it should not happen?

If we want to represent it pictorially, we shall treat the picture of the event in various ways: cross it out, put a line round it, and so on. But this strikes us as a *crude* method of expression. ...

Negation, one might say, is a gesture of exclusion, of rejection. But such a gesture is used in a great variety of cases! (*PII*. 548-550.)

How do I get the X to mean negation? Adding more images to the X-image is not going to help.

If the meaning of the sign (roughly, that which is of importance about the sign) is an image built up in our minds when we see or hear the sign, then first let us adopt the method ... of replacing this mental image by some outward object seen, e.g. a painted or modeled image. Then why should the written sign plus this painted image be a live if the written sign alone was dead? ... The mistake we are liable to make could be expressed thus: We are looking for the use of a sign, but we look for it as though it were an object *co-existing* with the sign. ... [O]ne is tempted to imagine that which gives the sentence life as something in an occult sphere, accompanying the sentence. But whatever accompanied it would for us just be another sign. (*BB*, p. 5.)

What gives a physical sign its significance is not a mental sign accompanying it; rather, it is the *use* to which such signs are put.<sup>70</sup>

What use of a word characterizes that word as being a negation? ... It is not a question of our first *having* negation, and then asking what logical laws must hold of it in order for us to be able to use it in a certain way. The point is that using it in a certain way is what we mean by negating with it. (*LFM* 191)

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<sup>70</sup> Cf. Hoppe: “Language, then, is not some ethereal medium disconnected from reality, but is itself a form of action. It is an offshoot of practical cooperation and as such, via action, is inseparably connected with an objective world. Talk ... is inevitably a form of cooperation and thus presupposes a common ground of objectively defined and applied terms.” (*DER*, p. 183.) “We must recognize that such necessary truths are not simply categories of our mind, but that our mind is one of acting persons. Our mental categories have to be understood as ultimately grounded in categories of action.” (*ESAM*, p. 20.)

There cannot be a question of whether these or other rules are the correct ones for the use of “not” (that is, whether they accord with its meaning). For without these rules, the word has as yet no meaning; and if we change the rules, it now has another meaning .... (PG I. 133.)

The same point is well expressed by P. F. Strawson:

There is an ... important link between the concept of belief and that of action. Action ... flows from a combination of belief and desire; and can be, and has been, said to be caused by such combinations. But what we have here is not a simple causal relation between things which are otherwise unrelated to each other. What is it, after all, to hold a belief? ... Is it to entertain a thought or an image with a peculiar vividness, as Hume seems sometimes to suggest? Certainly not. One might thus conceive or imagine something which one strongly desired or greatly feared – without, however, believing in its reality. Or one might simply entertain oneself with vivid imaginings.

Neither will it do to say that we believe those propositions which we are prepared to affirm or assent to; for then we must add: provided that we speak in all sincerity, i.e. believing what we say. And this addition cancels the promised illumination. ... [T]o believe something, i.e. really to believe it, is, at least in part, to be prepared, if opportunity offers, to *act* in an appropriate way.<sup>71</sup>

The basic idea here can best be grasped by considering Carroll’s Paradox.<sup>72</sup> Suppose I grant the two premises “p” and “if p then q,” but I refuse to grant the conclusion “q.” You point out to me that if “p” and “if p then q” are true, then “q” *must* be true. I freely accept this, and in fact add it as a third premise. So now I grant the three premises “p,” “if p then q,” and “if ‘p’ and ‘if p then q’ are true, then ‘q’ is true” – but I still don’t grant the conclusion “q.” You point out, with some impatience, that if “p,” “if p then q,” and “if ‘p’ and ‘if p then q’ are true, then ‘q’ is true” are true, then “q” *must* be true. I freely accept this, adding it as a *fourth* premise – and so on *ad defatigationem*. A Wittgensteinian moral to draw here would be that my “acceptance” of these additional “premises” is a mere sham because I don’t do what someone who really accepted them would do – I don’t *draw the conclusion*.

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<sup>71</sup> P. F. Strawson, *Analysis and Metaphysics: An Introduction to Philosophy* (Oxford: Oxford University Press, 1992), pp. 79-80.

<sup>72</sup> Lewis Carroll, “What Achilles Said to the Tortoise,” *Mind* 4 (1895), pp. 278-280.

This is why Wittgenstein insists on treating actions as criteria (rather than mere symptoms) of mental states:<sup>73</sup>

What are the criteria for a person being convinced of a certain proposition? ... He says it in a tone of conviction. – But this isn't all. ... I'd find out how he behaves before and after saying [it]. If he says, "I am convinced that this drink is poisonous," and if he does not behave as if he wished to commit suicide, and if he then drinks it ... we should not understand his statement. (*LFM* xxi.)

And this, too, is why we cannot interpret anybody as thinking illogically. For what would count as evidence that somebody, say, believes a contradiction? It can't be the mere *form of words* that the person utters – a merely *syntactic* contradiction – that shows her to be thinking illogically. We must show that she is committed to a *semantic* contradiction, and that involves showing that she is *using* her syntactic contradiction in a semantically contradictory way – that she is expressing a contradiction in her *actions*. But what, exactly, could that mean?

But you can't allow a [syntactic] contradiction to stand! – Why not? ... [O]ne could imagine a technique of language in which it was a regular instrument.

It might for example be said of an object in motion that it existed and did not exist in this place; change might be expressed by means of contradiction. (*RFM* VII. 11.)

Again, you must not forget that 'A contradiction doesn't make sense' does not mean that the sense of a contradiction is nonsense. – We exclude contradictions from language; we have no clear-cut use for them, and we don't want to use them. (*RP* II. 290.)

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<sup>73</sup> Galen Strawson (no relation to P.F.) offers a thought-experiment about hypothetical beings called "Weather Watchers," who have perceptions and preferences concerning the world around them but no ability to affect that world. (*Mental Reality* (Cambridge: MIT Press, 1996).) The purpose of the thought-experiment is to show that consciousness can exist without any capacity for outward action. Strawson's primary targets are functionalism and behaviourism, but the example might seem to be equally directed against criteriological views like those of Wittgenstein and the other Strawson. Are Weather Watchers possible? I'm not sure. But even if they are, a) they certainly do engage in *inner* action (thinking is a goal-directed process), and b) although they are incapable of outward action, I think it's still true that when they wish that shady tree were nearer, then *they would make the tree come nearer if they could*, and understanding that counterfactual is arguably crucial for understanding their desire. So even in the Weather Watchers there is a conceptual connection between mentality and behaviour (albeit of a weaker sort than behaviourists or functionalists could countenance), and that, I think, is all I need.

[I]t's nonsensical to say that the colors green and red could be in a single place at the same time. But if what gives a sentence sense is its agreement with grammatical rules then let's make just this rule, to permit the sentence 'red and green are both at this point at the same time'. Very well; but that doesn't fix the grammar of the expression. Further stipulations have yet to be made about how such a sentence is to be used .... (PG p. 127)

Suppose I am a general and I receive reports from reconnaissance parties. One officer comes and says, "There are 30,000 enemy," and then another comes and says, "There are 40,000 enemy." Now what happens, or what might happen? ... I should of course say, "Well, one of you must have been wrong," and I might tell them to go back and look again. [But instead] I might say, "There are 30,000 soldiers and there are 40,000 soldiers" – and I might go on to behave quite rationally. I might, for instance, act as though there were 30,000, because I knew that one of the soldiers reporting was a liar or always exaggerated. ... The point is that if I get contradictory reports, then whether you think me rational or irrational depends upon what I do with the reports. ... "Recognizing the law of contradiction" would come to: acting in a certain way which we call "rational." ... The general who received the two contradictory reports, acted on them, and then won the battle – would *still* have acted in a queer way in our view. One would perhaps say, "What does he do with these reports? Perhaps he does not regard them as reports at all." We might call his use of the contradiction pointless or say that we don't understand it – though again it might be explained to us. (LFM xxi.)

[W]hat would *this* mean: "Even though everybody believed that twice two was five it would still be four"? – For what would it be like for everybody to believe that? – Well, I could imagine, for instance, that people had a different calculus, or a technique which we should not call "calculating". (PI II. xi.)

The reason we can't think contradictions is not that there is no such thing as a *use* for a *contradictory* form of words, but rather that there is no such thing as a *contradictory use* for a form of words.

We must, however, be on our guard not to interpret "action" or "use" as mere bodily movement that could be fully characterized in a neutral physicalist observation language, after the manner of behaviourism or functionalism. (For similar reasons, Wittgenstein should not be seen as endorsing a verificationist account of meaning.) Consider the following passage from W. V. Quine:

Suppose someone were to propound a heterodox logic in which all the laws which have up to now been taken to govern alternation were made to govern conjunction instead, and vice versa. Clearly we would regard his deviation merely as notational or phonetic. For obscure reasons, if any, he has taken to writing ‘and’ in place of ‘or’ and vice versa. We impute our orthodox logic to him, or impose it on him, by translating his deviant dialect. Could we be wrong in so doing? Could he really be meaning and thinking genuine conjunction in his use of ‘and’ after all, just as we do, and genuine alternation in his use of ‘or’, and merely disagreeing with us on points of logical doctrine respecting the laws of conjunction and alternation? Clearly this is nonsense. There is no residual essence to conjunction and alternation in addition to the sounds and notations and the laws in conformity with which a man uses those sounds and notations.<sup>74</sup>

Clearly Quine is making the same general point as Wittgenstein here. But there is a behaviourist flavour in Quine’s suggestion that the rules that govern our imputations of meaning are rules about “sounds” and “notations” – items that can be picked out in purely physical terms.<sup>75</sup>

Whether I mean negation by “X” depends on how I use “X”; there is indeed “no residual essence” to negation beyond the use I make of my signs. But no sequence of noises or gestures or scribbles on my part will suffice to ensure that I am negating with “X.” We will necessarily make use of irreducibly psychological language in describing the behaviour that counts as negating with “X,” and Wittgenstein has no wish to deny this. Trying to specify “use” in an austere external, physicalistic way would be just as much a mistake as trying to specify it in an austere internal, mentalistic way.

Nor will it do simply to combine the two approaches. An analogy from Rand may be useful here. Rand criticizes mind-body dualism for its conception of a non-physical soul animating a purely physical body: “A body without a soul is a corpse, a soul without a body is a ghost,” yet dualism tries to characterize a living being as the product of an interaction between these two “symbols of death.”<sup>76</sup> As a neo-Aristotelean, Rand insists that a living being cannot be understood as a gluing-together of these two nonliving

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<sup>74</sup> W. V. O. Quine, *Philosophy of Logic* (Cambridge: Harvard University Press, 1986), p. 81; cf. Quine, “Carnap and Logical Truth,” p. 109, in *The Ways of Paradox and Other Essays* (Cambridge: Harvard University Press, 1980), pp. 107-132.

<sup>75</sup> If this passage were all we had to go on in identifying Quine’s philosophical leanings, it might be uncharitable to read quasi-behaviouristic tendencies into what he says here. But alas.

<sup>76</sup> Ayn Rand, *Atlas Shrugged* (New York: Penguin, 1992), p. 952.

items; rather, a living being is an integrated unity (or, as Aristotle might put it, a *hylomorphic* unity) of which soul and body are distinguishable but inseparable *aspects* (not *ingredients*). By analogy, we do not form the concept of action by gluing together one ghostlike item – a mental image with no behavioural import – and one corpse-like item – mere bodily movement with no psychological import. Thought and behaviour are not related to one another in so external and accidental a way; both are merely aspects of a more primordial unity encompassing both. As Richard Taylor observes:

I take it that what it means to say that men have minds is that they are capable .... of deliberating about what they are going to do ... of choosing, skillfully or ineptly, means to ends ... of acting in certain ways in order that certain results may obtain ... of setting up goals or ends and striving toward them .... What I am suggesting ... is that such facts are not merely *evidence* that men have minds. They only express what it *means* to say that men have minds. They are just the sort of fact to which one calls attention by saying that men have minds. ... [I]t is no explanation of how they can do such things, and hence no dispelling of any mystery, to say that they “have minds,” but only a restatement in other words that they are unlike machines. ... If having a mind just means, among other things, being able to do such things as lay plans, deliberate, select appropriate means to ends, pursue goals ... and so on, then it is no real *explanation* of how men are able to do such things, to say that they have minds.<sup>77</sup>

“Use” and “action,” then, are neither purely physicalistic nor purely mentalistic notions. In Wittgenstein’s words:

[A] move in chess doesn’t consist simply in moving a piece in such-and-such a way on the board – nor yet in one’s thoughts and feelings as one makes the move: but in the circumstances that we call “playing a game of chess”, “solving a chess problem”, and so on. (*PII*. 33.)

Or, as Strawson writes:

[I]n any rational being, the three elements of belief, valuation (or desire), and intentional action can be differentiated from each other; yet no one of these three elements can be properly understood, or even identified, except in relation to the others.<sup>78</sup>

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<sup>77</sup> Taylor, *Action and Purpose*, op. cit., pp. 247-248.

<sup>78</sup> Strawson, op. cit., p. 80.

Using a concept involves applying it to the real world. Since possessing a concept involves being able to use it, it follows that the possession of a concept commits us to applying that concept in various ways, and that these applications must be *generally* reliable and accurate in order for us to possess the concept at all.

But how is it possible to have a concept and not be clear about its application? (*RFM V. 7.*)

I want to say: it is essential to mathematics that its signs are also employed in *mufti*.  
It is the use outside mathematics, and so the *meaning* of the signs, that makes the sign-game into mathematics. (*RFM V. 2.*)

We say: if a child has mastered language – and hence its application – it must know the meaning of words. It must, for example, be able to attach the name of its colour to a white, black, red or blue object without the occurrence of any doubt. (*OC 522.*)

And from this it follows that one must assent to certain *factual* propositions employing the concept in order to count as possessing it in the first place, so that no “analytic” use of a concept is intelligible unless it is embedded in a network of “synthetic” uses of that same concept:

Concepts which occur in ‘necessary’ propositions must also occur and have a meaning in non-necessary ones. (*RFM V. 42.*)

If language is to be a means of communication there must be agreement not only in definitions but also (queer as this may sound) in judgments. (*PII. 242.*)

Not only rules, but also examples are needed for establishing a practice. Our rules leave loop-holes open, and the practice has to speak for itself. ... We do not learn the practice of making empirical judgments by learning rules: we are taught *judgments* and their connexion with other judgments. (*OC 139-140.*)

If I wanted to doubt whether this was my hand, how could I avoid doubting whether the word “hand” has any meaning? (*OC 369.*)

But in this case it no longer makes sense to ask whether conceptual truths are “analytic” or “synthetic.” The analytic/synthetic distinction itself presupposes a separability of concept from application that cannot be sustained.

Our conceptual truths are *usable* only on the assumption that various empirical statements hold. These empirical statements are not themselves conceptual truths, but if they were not to hold, we would not be able to employ our concepts. It is not as though the falsity of the empirical statements would *falsify* our conceptual truths; that would make the conceptual truths themselves into empirical statements, which they precisely are not. The *denial* of a conceptual truth employs the constituent concepts of that truth just as much as its assertion does; a situation in which our concepts are *disabled* is one in which the associated conceptual truths can be neither asserted nor denied.<sup>79</sup>

This is how our children learn sums; for one makes them put down three beans and then another three beans and then count what is there. If the result at one time were 5, at another 7 ... then the first thing we said would be that beans were no good for teaching sums. But if the same thing happened with sticks, fingers, lines and most other things, that would be the end of all sums.

“But shouldn’t we then still have  $2 + 2 = 4$ ?” – This sentence would have become unusable. (*RFM* I. 37.)

It is one thing to describe methods of measurement, and another to obtain and state results of measurement. But what we call “measuring” is partly determined by a certain constancy in results of measurement. (*PI* I. 242.)

‘There are 60 seconds to a minute.’ This proposition is very *like* a mathematical one. Does its truth depend on experience? – Well, could we talk about minutes and hours, if we had no sense of time; if there were no clocks, or could be none for physical reasons; if there did not exist all the connexions that give our measures of time meaning and importance? In that case – we should say – the measure of time would have lost its meaning (like the action of delivering check-mate if the game of chess were to disappear) ... But suppose our experience were like that – then would experience make the proposition false ...? No; *that* would not describe its function. (*RFM* VII. 18.)

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<sup>79</sup> “When a sentence is called senseless, it is not as it were its sense that is senseless. But a combination of words is being excluded from the language, withdrawn from circulation.” (*PI* 500.)

If you look at ideas about probability and its application, it's always as though *a priori* and *a posteriori* were jumbled together, as if the same state of affairs could be discovered or corroborated by experience, whose existence was evident *a priori*. This of course shows that something's amiss .... If the experience agrees with the computation, that means my computation is justified by the experience, and of course it isn't its *a priori* element which is justified, but its bases, which are *a posteriori*. But those must be certain natural laws which I take as the basis for my calculation, and it is *these* that are confirmed, not the calculation of the probability. (PR 232.)

We incline to the belief that *logical* proof has a peculiar, absolute cogency, deriving from the unconditional certainty in logic of the fundamental laws and the laws of inference. Whereas propositions proved in this way can after all not be more certain than is the correctness of the way those laws of inference are *applied*. (RFM III. 43.)

Hans-Hermann Hoppe offers a similar treatment of Mises' claim that the law of causality is *a priori*:

There is only one way in which it might be said that "experience" could "falsify" the constancy principle: if the physical world were indeed so chaotic that one could no longer act at all, then of course it would not make much sense to speak of a world with constantly operating causes. But then human beings, whose essential characteristic is to act intentionally, would also no longer be the ones who *experience* this inconstancy. As long as one survives as a human being – and this is what the argument in effect says – the constancy principle must be assumed to be valid *a priori*, as any action must presuppose it and no experience that anyone could actually *have* could possibly disprove this. (TSC, p. 115.)

(Hoppe may be indebted to Wittgenstein here; at any rate, he cites Wittgenstein favorably for recognizing "the inseparable connection between language and action.")<sup>80</sup> And Steele offers a praxeological example (though he takes it, wrongly, as an *objection* to praxeology):

Kirzner's ... example [in which] a man gives in to the sudden impulse to throw his glass of wine at the bartender .... can be characterized as the switch from one rational means-end framework (to sit quietly drinking at the bar) to another rational means-end framework. ... *Yet, if an individual*

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<sup>80</sup> DER, p. 206n.

*were in the habit of switching to radically new ends, say, every half-second, it would be difficult to explain his actions by the application of praxeology.*<sup>81</sup>

If the conceptual truths of mathematics depend on our ability to apply them to real-world cases, does this mean that after all Frege was wrong, and Mill's "gingerbread and pebble arithmetic" was right? Wittgenstein admits that his approach seems to suggest that "what Frege called the 'ginger-snap standpoint' in arithmetic could yet have some justification." (PR 104.) But Wittgenstein is not siding with Mill against Frege, but rather is trying to transcend the opposition between them, by showing that *each was right but in different respects*. Mill and Frege both assume that only statements with empirical content can have empirical presuppositions. Hence Mill, rightly seeing that the truths of arithmetic have empirical presuppositions, wrongly infers that they have empirical content; and Frege, rightly seeing that the truths of arithmetic have no empirical content, wrongly infers that they have no empirical presuppositions. Our employment of conceptual truths presupposes our ability to apply those concepts. But that does not mean that those conceptual truths are *about* our ability to apply those concepts.

[Millian objection:] "Yes, but surely our calculating must be founded on empirical facts!"

[Reply:] Certainly. ... but that is certainly not to say that the propositions of mathematics have the functions of empirical propositions. (That would almost be as if someone were to believe that because only the actors appear in the play, no other people could usefully be employed upon the stage of the theatre.) (RFM VII. 18.)

[Fregean objection:] What you say seems to amount to this, that logic belongs to the natural history of man. And that is not combinable with the hardness of the logical "must".

[Reply:] But the logical "must" is a component part of the propositions of logic, and these are not propositions of human natural history. If what a proposition of logic said was: Human beings agree with one another in such and such ways (and that would be the form of the natural-historical proposition), then its contradictory would say that there is here a *lack* of agreement. Not, that there is an agreement of another kind.

The agreement of humans that is a presupposition of logic is not an agreement in *opinions* .... (RFM VI. 49.)

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<sup>81</sup> From Marx to Mises, op. cit., p. 98; emphasis added.

In other words: the agreement of humans that is a presupposition of logic is not an agreement *to the proposition that we act a certain way*; rather, it is an agreement *in acting* a certain way.

The justification of the proposition  $25 \times 25 = 625$  is, naturally, that if anyone has been trained in such-and-such a way, then under normal circumstances he gets 625 as the result of multiplying 25 by 25. But the arithmetical proposition does not assert *that*. (RFM VI. 23.)

Are the propositions of mathematics anthropological propositions saying how we men infer and calculate? – Is a statute book a work of anthropology telling how the people of this nation deal with a thief etc.? – Could it be said: “The judge looks up a book about anthropology and thereupon sentences the thief to a term of imprisonment”? Well, the judge does not USE the statute book as a manual of anthropology. (RFM III. 65.)

Earlier I formulated a slogan: ***Praxeology without thymology is empty; thymology without praxeology is blind.*** We can now see how to guard against a misinterpretation of this slogan. It’s not as though praxeology can exist without thymology, but in an “empty” condition, or that thymology can exist without praxeology, but in a “blind” condition. The thymological ability to apply praxeological concepts is *constitutive* of the possession of such concepts. Praxeology and thymology are distinguishable, but inseparable, aspects of an integrated unity. On Wittgenstein’s view, “[t]he human body is the best picture of the human soul” (PI II. iv) – and of course vice versa. Likewise thymology is the best picture of praxeology and vice versa. It is through the application, the *use*, of our concepts that we are best able to understand them.

Giving grounds, however, justifying the evidence, comes to an end; – but the end is not certain propositions striking us immediately as true, i.e., it is not a kind of *seeing* on our part; it is our *acting*, which lies at the bottom of the language game. (OC 204.)

If it is asked: “How do sentences manage to represent?” – the answer might be: “Don’t you know? You certainly see it, when you use them.” For nothing is concealed. (PI I. 435.)

Or, as Heidegger writes:

[W]here something is put to use, our concern subordinates itself to the “in-order-to” which is constitutive for the equipment we are employing at the time; the less we just stare at the hammer-Thing, and the more we seize hold of it and use it, the more primordial does our relationship to it become, and the more unveiledly is it encountered as that which it is – as equipment.<sup>82</sup>

Likewise, it is through thymology that praxelogy is unveiledly encountered as that which it is.<sup>83</sup> Hence the correct approach to praxeology is neither purely “formalist” nor purely “interpretive,” but is instead *hylomorphic*.

Wittgenstein is trying to draw us back down to the world of ordinary experience – the hylomorphic reality of which *concepts* and *applications* are merely different aspects – the *Lebenswelt* in which we are, to borrow a Heideggerian phrase, “always already” engaged. The mistake lies in thinking that this unity must somehow be *grounded* in one of its aspects; instead, Wittgenstein urges, we should accept the reality in which we live and move and have our being as *basic*:

The difficult thing here is not, to dig down to the ground; no, it is to recognize the ground that lies before us as the ground.

For the ground keeps on giving us the illusory image of a greater depth, and when we seek to reach this, we keep on finding ourselves on the old level.

Our disease is one of wanting to explain. (*RFM* VI. 31.)

The aspects of things that are most important for us are hidden because of their simplicity and familiarity. (One is unable to notice something – because it is always before one’s eyes.) (*PII*. 129.)

For the place I really have to get to is a place I must already be at now. (*CV* 7.)

Compare the formulations of Foucault and Heidegger:

[T]he role of philosophy is not to discover what is hidden, but to make visible precisely what is visible, that is to say, to make evident what is so

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<sup>82</sup> Martin Heidegger, *Being and Time*, trans. John Macquarrie and Edward Robinson (New York: Harper-Collins, 1962), p. 164.

<sup>83</sup> So doing economics with praxeological concepts is like philosophizing with a hammer. (Sorry.)

close, so immediate, so intimately linked to us, that because of that we do not perceive it. Whereas the role of science is to reveal what we do not see, the role of philosophy is to let us see what we see.<sup>84</sup>

For that is what we are now, men who have leapt, out of the familiar realm of science .... And where have we leapt? Perhaps into an abyss? No! Rather onto some firm soil. Some? No! But on that soil upon which we live and die, if we are honest with ourselves. A curious, indeed unearthly thing that we must first leap onto that soil on which we really stand.<sup>85</sup>

The mistaken insistence on viewing praxeology and thymology as separable ingredients, rather than inseparable aspects, of our understanding is what motivates the sort of objection that Claudio Gutiérrez raises against Austrian methodology:

The difficulty I see here has to do with the description of the (empirical) conditions that must form part of the theorem in order [for it] to be applicable. Even if the theorem is *a priori* it has to mention the factual situation under which one is saying that the theorem is valid. But this mention has to be made in a language and the language one has to use must not be a purely formal one. ... [A]n empirical language capable of mentioning the conditions of application of the theorem would have to have been learned in close intercourse with experience. ... Therefore, we are led to the conclusion that the application of a praxeological theorem supposes already the (empirically acquired) economic language and, by implication, (empirical) economic knowledge.<sup>86</sup>

What Gutiérrez says here is, in a certain sense, quite true: praxeological knowledge cannot exist without the ability to apply praxeological concepts to empirical reality. *Praxeology without thymology is empty*. His mistake lies in confusing this claim with the entirely different claim that content of praxeological knowledge must be *drawn from* empirical reality, as though we acquired thymological experience *first* and then came up

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<sup>84</sup> Michel Foucault, quoted in Arnold I. Davidson, ed., *Foucault and His Interlocutors* (Chicago: University of Chicago Press, 1997), p. 2.

<sup>85</sup> Martin Heidegger, *What Is Called Thinking?*, trans. J. Glen Gray (New York: Haroer & Row, 1968), p. 41. For some intriguing connections between this passage and the Frege-Wittgenstein critique of psychologism, see Kelly Dean Jolley, "What Bart Calls Thinking," in William Irwin, Mark T. Conard, and Aeon J. Skoble, eds., *The Simpsons and Philosophy: The D'oh! of Homer* (LaSalle: Open Court, 2001), pp. 269-281. (Heidegger, like Mises, was influenced indirectly by Frege, via Husserl.)

<sup>86</sup> Claudio Gutiérrez, "The Extraordinary Claim of Praxeology," *Theory and Decision* 1 (1971), pp. 327-328.

with praxeological principles by generalizing *from* that experience. On the contrary: *Thymology without praxeology is blind*. “History speaks only to those people who know how to interpret it on the ground of correct theories.” (*HA XXXVII. 1.*) Praxeological truths, with all their logical interconnections, are implicit in thymological experience from the start. To *verstehen* an action just *is* to locate it in praxeological space. Neither praxeology nor thymology is prior to the other; we do not acquire one first and then use it to get to the other. “Light dawns gradually over the whole.” (*OC 141.*)

It is important, however, not to let the *inseparability* of praxeology from thymology blind us to their *distinguishability*. Don Lavoie, for example, writes:

There is, indeed, a difference between the particularizing intent of history and the generalizing and systematizing intent of our cognitive processes. Mises called these aspects, respectively, understanding and conception. ... But the theory and history are nevertheless two inescapable aspects of what is ultimately one integrated intellectual endeavor.<sup>87</sup>

So far so good; this is just what I’ve been arguing. But Lavoie then goes on to draw the conclusion that we should reject Mises’ doctrine that “no historical account can ever cause us to go back and reconsider our a priori theory”;<sup>88</sup> Lavoie instead maintains that unless Mises treats the claims of praxeology as falsifiable, “the scientific community has no responsibility to take him seriously.”<sup>89</sup> In Wittgenstein’s terms, Lavoie is insisting that any empirical propositions that are working backstage must appear in the play. “Theory no less than history involves *verstehen*,” Lavoie urges.<sup>90</sup> Well, yes and no. Yes, in the sense that there *is* no praxeology without thymology. No, in the sense that we could not praxeologize differently by *verstehen* differently; although there are different ways of *verstehen*, nothing that did not embody the unchanging principles of praxeology would count as *verstehen* at all. So although *verstehen* may be, as Lavoie says,

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<sup>87</sup> Don Lavoie, “Euclideanism versus Hermeneutics: A Reinterpretation of Misesian Apriorism,” p. 194, in Israel M. Kirzner, ed., *Subjectivism, Intelligibility and Economic Understanding: Essays in Honor of Ludwig M. Lachmann on His Eightieth Birthday* (London: Macmillan, 1986), pp. 192-210.

<sup>88</sup> Op. cit., p. 196.

<sup>89</sup> Op. cit., p. 202.

<sup>90</sup> Don Lavoie, “The Interpretive Turn,” p. 60; in *Elgar Companion*, op. cit., pp. 54-62.

“historically and culturally situated,” praxeology is not – at least, not in the sense that changes in historical and cultural *context* could work changes in praxeological *content*. The plot of *Hamlet* remains the same regardless of who’s doing what backstage – because the alternative to performing *Hamlet* with *this* plot is not to perform *Hamlet* differently, but not to perform *Hamlet* at all. Nothing that departs from Shakespeare’s story counts as a performance of *Hamlet*; and nothing that departs from praxeology’s story counts as a performance of *verstehen*. As Mises writes:

[A]ll our experience in the field of human action is based on and conditioned by the circumstance that we have this insight [into the principles of human reason and conduct] in our mind. Without this a priori knowledge and the theorems derived from it we could not at all realize what is going on in human activity. Our experience of human action and social life is predicated on praxeological and economic theory. It is important to be aware of the fact that this procedure and method are not peculiar only to scientific investigation but are the mode of ordinary daily apprehension of social facts. (*MMM I.*)

Hence if, to use Steele’s example, “an individual were in the habit of switching to radically new ends, say, every half-second,” this *would* (contra Mises) *invalidate* praxeology, but it would *not* (contra Steele) *falsify* it. Strictly speaking, the example is misdescribed, because talk of ends can get its purchase only where ends are, in general, relatively stable; what Steele describes is not a world of radically unstable ends, but a world *without* ends.

If, among Austrians, the inseparability of praxeology from thymology is *overstated* by Lavoie, Steele, and other adherents of the “interpretive” faction, it is correspondingly *underestimated* by the orthodox “formalist” faction. Hans-Hermann Hoppe, for example, writes that “the proposition that humans act .... is also not derived from observation” because “there are only bodily movements to be observed but no such things as actions.” (*ESAM 22.*) This remark suggests that our perceptual experience of other people presents to us only bodily movements, to which we must *then* apply praxeological concepts in order to interpret those movements as actions. But in fact our conceptual understanding plays a *constitutive* role in our perceptual experience.

Consider the following passage from Adam Smith:

As we have no experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation. Though our brother is upon the rack, as long as we ourselves are at our ease, our senses will never inform us of what he suffers. They never did, and never can, carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations. Neither can that faculty help us to this in any other way, than by representing to us what would be our own, if we were in his case.<sup>91</sup>

This passage should remind us of Hayek's claim that "in discussing what we regard as other people's conscious actions, we invariably interpret their action on the analogy of our own mind. ... I know the meaning of this action because I know what I would have done in similar circumstances." (*EO* III. 2.) But Smith is simply wrong. We do not see bodily movements and *infer* motives; rather, we simply see bodily movements *as* motivated actions. In general, our background conceptual knowledge does not merely enable us to draw certain *inferences* from what we perceive; rather, it plays a role in determining what we perceive in the first place.<sup>92</sup> As Wittgenstein points out:

For someone who has no knowledge of such things a diagram representing the inside of a radio receiver will be a jumble of meaningless lines. But if he is acquainted with the apparatus and its function, that drawing will be a significant picture for him. ... If I say that this face has an expression of gentleness, or kindness, or cowardice, I don't seem just to mean that we associate such and such feelings with the look of the face, I'm tempted to say that the face is itself one aspect of the cowardice, kindness, etc. (*PG* I. 127-128.)

Likewise, Heidegger writes:

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<sup>91</sup> Adam Smith, *Theory of Moral Sentiments* I. i. 1.

<sup>92</sup> This does not mean that our conceptual knowledge *distorts* our perceptual experience by imposing a predetermined schema on it. This *can* happen, but when it does, then something has gone wrong. It would be more accurate to say that our conceptual knowledge, by helping us to orient and direct our awareness properly, *enables* us (non-inferentially) to perceive what is there to be perceived. Our concepts are part of our *means* of perception, not something external to it. (How is this Kantian account of concepts as *involved in* perception related to the Aristotelean view of concepts as *derived* (via abstraction) *from* perception? I believe that both views, *properly understood*, are correct, but that's another story. For some first moves in the direction of a solution, see my *Reason and Value*, op. cit., pp. 15-16, 104-106, 115-116, 118, and "Benefits and Hazards," op cit.)

What we ‘first’ hear is never noises or complexes of sounds, but the creaking waggon, the motor-cycle. We hear the column on the march, the north wind, the woodpecker tapping, the fire crackling. It requires a very artificial and complicated frame of mind to ‘hear’ a ‘pure noise’. ... Even in cases where the speech is indistinct or in a foreign language, what we proximally hear is *unintelligible* words, and not a multiplicity of tone-data.<sup>93</sup>

Just as our perceptual experience of the physical world is an experience of fires crackling and woodpeckers tapping, not a mere collage of sense-data, so our perceptual experience of the social world is one of friendly faces and columns on the march – that is, it is structured in terms of thymological (and thus praxeological) categories, not mere bodily movements.

Psychological concepts are just everyday concepts. They are not concepts newly fashioned by science for its own purpose, as are the concepts of physics and chemistry. (*RPP* II. 62)

The mental states we impute to others when we *verstehen* them are not theoretical entities like quarks and neutrinos – hidden occult forces postulated to explain outward behaviour. We see the mental states *in* the behaviour, as we hear the sadness in the song.<sup>94</sup>

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<sup>93</sup> *Being and Time*, op. cit., p. 164.

<sup>94</sup> Wittgenstein holds not only a) that our access to other people’s psychological states *need* not rest solely on inference, but also b) that if it *did* rest solely on inference then we could not know, or even speak meaningfully of, others people’s psychological states. (*PI* I. 293, 302.) I agree with Wittgenstein about (a), but not about (b).

## The Truth Is Out There

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*The grounds for calling “this” world apparent are far better grounds for its reality – any **other** type of reality is absolutely unprovable.*

– Friedrich Nietzsche<sup>95</sup>

Closely related to the question of whether *a priori* statements are analytic or synthetic is the question of whether their necessity depends in some way on the perceiver. Austrians are divided into *reflectionists* and *impositionists*. Impositionists hold that “*a priori* knowledge is possible as a result of the fact that the content of such knowledge reflects merely certain forms or structures that have been imposed or inscribed on the world by the knowing subject,” whereas reflectionists maintain that “we can have *a priori* knowledge of what exists, independently of all impositions or inscriptions of the mind, as a result of the fact that certain structures in the world enjoy some degree of intelligibility in their own right.”<sup>96</sup> Mises (and perhaps Hayek)<sup>97</sup> favor an impositionist view in the tradition of Immanuel Kant. Mises writes:

Kant, awakened by Hume from his “dogmatic slumbers,” put the rationalistic doctrine upon a new basis. Experience, he taught, provides only the raw material out of which the mind forms what is called knowledge. All knowledge is conditioned by the categories that precede any data of experience both in time and in logic. The categories are *a priori*; they are the mental equipment of the individual that enables him to

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<sup>95</sup> *Twilight of the Idols* III. 6.

<sup>96</sup> Barry Smith, “Aristotle, Menger, Mises: An Essay in the Metaphysics of Economics,” §5; in *History of Political Economy* 22 Supp. (1990), pp. 263-288. (cf. Barry Smith, “In Defense of Extreme (Fallibilistic) Apriorism,” *Journal of Libertarian Studies* 12 (1996), pp. 179-192.) Smith associates impositionism with Kant and reflectionism with Husserl. (*Austrian Philosophy: The Legacy of Franz Brentano* (La Salle: Open Court, 1994), p. 305-309.)

<sup>97</sup> The evidence for Hayek’s impositionist rests largely on his early suggestion that “The fact that the world which we know seems wholly an orderly world may thus be merely a result of the method by which we perceive it.” (SO 8. 39.)

think and – we may add – to act. As all reasoning presupposes the a priori categories, it is vain to embark upon attempts to prove or to disprove them. (*UFES* I. 1.)

The a priori categories are the mental equipment by dint of which man is able to think and to experience and thus to acquire knowledge. Their truth or validity cannot be proved or refuted as can those of a posteriori propositions, because they are precisely the instrument that enables us to distinguish what is true or valid from what is not.

What we know is what the nature or structure of our senses and of our mind makes comprehensible to us. We see reality, not as it “is” and may appear to a perfect being, but only as the quality of our mind and of our senses enables us to see it. (*UFES* I. 3.)

One feature of the Kantian, impositionist approach is that it silently opens the back door to psychologism and polylogism just as it is loudly slamming the front. If impositionism is true, then we cannot *help* seeing the world in terms of the categories that we impose upon it, and so there is no danger of our ever encountering an experience that falsifies those categories. Hence the truths embodied in those categories are freed from any dependence on empirical generalizations and contingent psychological tendencies. On the other hand, by granting that such categories apply to the world only because we impose them on it, it leaves open the possibility that creatures of another sort might impose different categories:

The human mind is utterly incapable of imagining logical categories at variance with them. No matter how they may appear to superhuman beings, they are for man inescapable and absolutely necessary. ... It does not matter for man whether or not beyond the sphere accessible to the human mind there are other spheres in which there is something categorially different from human thinking and acting. No knowledge from such spheres penetrates to the human mind. It is idle to ask whether things-in-themselves are different from what they appear to us, and whether there are worlds which we cannot divine and ideas which we cannot comprehend. These are problems beyond the scope of human cognition. Human knowledge is conditioned by the structure of the human mind. (*HA* II. 2; cf. I. 6.)

Rothbard instead adopts the reflectionist position, in a way that uncannily echoes Frege:<sup>98</sup>

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<sup>98</sup> Smith (1990) oddly regards Frege as an impositionist, whereas I would have thought Frege a reflectionist's reflectionist.

Mises, in the neo-Kantian tradition, considers [the law of human action] a law of thought and therefore a categorical truth a priori to all experience. My own epistemological position rests on Aristotle and St. Thomas rather than Kant, and hence I would interpret the proposition differently. I would consider the axiom a law of reality, rather than a law of thought. (*DEA* 318.)

But this solution too seems vulnerable to polylogism. If the principles of psychology are normative for rather than constitutive of thought, then thought can depart from them; and once illogical thought is permitted, so is irrational action, and the fabric of praxeology is rent asunder.

Where does Wittgenstein fall in this category? He is often read as an impositionist, one who holds that the necessity of logical truths depends on convention. And there is certainly a strand in Wittgenstein's thought that suggests such an interpretation, as when he seems to say that the rules of logic and mathematics are relative to particular language-games, and that there could be other language-games with different rules – as though there could still be purposive activities such as rule-following in the absence of praxeological constants. Wittgenstein's considered position, however, is pretty clearly an attempt to transcend the reflectionist/impositionist dichotomy entirely. On this view, impositionism is rejected because it pictures logic as a constraint imposed by us on the world, while reflectionism is rejected because it pictures logic as a constraint imposed by the world on us. To think of logic as *constraining* something is to imagine, or try to imagine, how things would be without the constraint. Since neither talk of an illogical world nor talk of illogical thought can be made sense of, the whole question cannot be meaningfully asked and so may be dismissed in good conscience.

[I]n order to be able to draw a limit to thought, we should have to find both sides of the limit thinkable (i.e. we should have to be able to think what cannot be thought). It will therefore only be in language that the limit can be drawn, and what lies on the other side of the limit will simply be nonsense. (*TLP* Pref.)

The limits of my language mean the limits of my world. ... Logic pervades the world: the limits of the world are also its limits. So we cannot say in logic, 'The world has this in it, and this, but not that.' For that would appear to presuppose that we were excluding certain possibilities,

and this cannot be the case, since it would require that logic should go beyond the limits of the world; for only in that way could it view those limits from the other side as well. We cannot think what we cannot think; so what we cannot think we cannot say either. (*TLP* 5.6-5.61.)

For reflectionism, “*a priori* knowledge is read off the world, reflecting the fact that certain structures in reality are intrinsically intelligible.”<sup>99</sup> But for Wittgenstein we do not *find* conceptual truth in the world (as if we might, but for the world, have found something else); we bring it with us. It is the lens through which we view reality. Hence reflectionism is mistaken. But impositionism is unwarranted also; we cannot peek *around* our lens at reality-in-itself to see that it deviates from what our lens shows us about it. What we know about reality just *is* what our lens shows us.

Mises thought that praxeological categories were imposed on reality by the innate structure of our minds. Some more recent Austrians have adopted a different variety of impositionism, one inspired by Popper and Lakatos, in which praxeological categories are imposed on reality by a *methodological decision*. Popper, for example, writes:

My thesis is that it is *sound methodological policy* to decide not to make the rationality principle, but the rest of the theory – that is, the model – accountable.

In this way it may appear that in our search for better theories we treat the rationality principle as if it were a logical or a metaphysical principle exempt from refutation: as unfalsifiable, or *a priori* valid. But this appearance is misleading. There are ... good reasons to think that the rationality principle ... is actually false, though a good approximation to truth. ... I hold, however, that it is good policy, a good methodological device, to refrain from blaming the rationality principle for the breakdown of our theory. For we learn more if we blame our situational model. The policy of upholding the principle can thus be regarded as part of our methodology.<sup>100</sup>

Likewise, Mario Rizzo offers a reformulation of praxeology in terms of a Lakatosian methodological decision:

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<sup>99</sup> Barry Smith, *Austrian Philosophy*, op. cit., p. 309.

<sup>100</sup> *Myth of the Framework*, op. cit., p. 177.

The theoretical hard core of a research program consists of one or more statements that are rendered irrefutable by the methodological decision of the scientists working within the program.<sup>101</sup>

This suggestion is of course in sharp contrast to Mises' insistence that "[t]he starting point of praxeology is not a choice of axioms and a decision about methods of procedure, but reflection about the essence of action." (*HA* II. 3.)

Now Wittgenstein's approach is easily taken to be akin to that of Popper and Lakatos. After all, for Wittgenstein the reason the proposition " $2 + 2 = 4$ " is always confirmed by experience is that "if there are 3 apples there after I have put down two and again two, I don't say: 'So after all  $2 + 2$  are not always 4'; but 'Somehow one must have gone.'" (*RFM* I. 157.) In other words, I simply have a methodological policy of always blaming the situational model rather than the mathematical proposition when things go wrong; " $2 + 2 = 4$ " has been rendered irrefutable by my methodological decision; it is part of my research program's "hard core." Yet that does not mean that I shall hold onto it come what may. "If the result at one time were 5, at another 7 ... then the first thing we said would be that beans were no good for teaching sums. But if the same thing happened with sticks, fingers, lines and most other things, that would be the end of all sums." (*RFM* I. 37.) I treat " $2 + 2 = 4$ " as irrefutable *only so long as I stick to my research program* – but if my research program ceases to enable me to make sense of the world around me, then I will abandon the research program, hard core and all. Likewise, on the Lakatosian approach to praxeology, "ultimately the action presupposition must validate itself by bringing forth a fruitful research program."<sup>102</sup> It's not hard to see how Wittgenstein might be read as offering more support to Rizzo's approach to praxeology than to Mises'.

But that would be a mistake. In characterizing his own methodology, Wittgenstein writes:

"The question doesn't arise at all.' Its answer would characterize a *method*. ... Isn't what I am saying: any empirical proposition can be

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<sup>101</sup> Mario J. Rizzo, "Mises and Lakatos: A Reformulation of Austrian Methodology," p. 55; in Israel M. Kirzner, ed., *Method, Process, and Austrian Economics: Essays in Honor of Ludwig von Mises* (Lexington: D. C. Heath, 1982), pp. 53-73.

<sup>102</sup> Rizzo, p. 57.

transformed into a postulate – and then becomes a norm of description.  
(OC 318-321.)

This sounds much like the Lakatosian approach; and Wittgenstein sees that it sounds like his *own* approach. But Wittgenstein’s answer to the question he has just asked is:

But I am suspicious of even this. The sentence is too general. One almost wants to say “any empirical proposition can, theoretically, be transformed ...” but what does “theoretically” mean here? (OC 321.)

What does Wittgenstein mean in saying that the Lakatosian-sounding characterization is “too general”? I think his objection is that this characterization exaggerates the extent of our *choice* regarding fundamental axioms. Both the Rizzo and Wittgenstein will say that we don’t doubt the rationality principle because doubting that principle is excluded by the rules of our language-game. But Rizzo describes this policy on our part as a *decision*, one we might give up if abiding by it proved unfruitful. Wittgenstein, by contrast, puts it this way:

This doubt isn’t one of the doubts in our game. (But not as if we *chose* this game!) (OC 317.)

That is to say, it belongs to the logic of our scientific investigations that certain things are *in deed* not doubted. ... But it isn’t that the situation is like this: We just *can’t* investigate everything, and for that reason we are forced to rest content with assumption. ... [Rather:] My *life* consists in my being content to accept many things. (OC 342-344.)

What Wittgenstein rejects in the Lakatosian picture is the notion that grammatical propositions as *arbitrary conventions*.

But doesn’t Wittgenstein himself say that grammatical propositions are arbitrary conventions? Yes, he does. But what he *means* in calling them arbitrary conventions (how he *uses* this form of words) is the diametrical opposite of the Lakatosian view. To see how this is so, contrast Rizzo’s remark that “the action presupposition must validate itself by bringing forth a fruitful research program” with Wittgenstein’s denial that grammatical propositions are to be tested by appeal to their pragmatic fruitfulness. Note that Wittgenstein here tells us what *he* means in calling the rules of grammar “arbitrary”:

Grammar is not accountable to any reality. It is grammatical rules that determine meaning (constitute it) and so they themselves are not answerable to any meaning and to that extent are arbitrary. ... Why don't I call cookery rules arbitrary, and why am I tempted to call the rules of grammar arbitrary? Because I think of the concept "cookery" as defined by the end of cookery, and I don't think of the concept "language" as defined by the end of language. You cook badly if you are guided in your cooking by rules other than the right ones; but if you follow other rules than those of chess you are playing another game; and if you follow grammatical rules other than such and such ones, that does not mean you say something wrong; no, you are speaking of something else.

If I want to carve a block of wood into a particular shape any cut that gives it the right shape is a good one. But I don't call an argument a good argument just because it has the consequences I want (Pragmatism). I may call a calculation wrong even if the actions based on its result have led to the desired end. ...

I do not call rules of representation conventions [i.e., arbitrary] if they can be justified by the fact that a representation made in accordance with them will agree with reality. (PG I. 133-134.)

"The rules of a game are arbitrary" means: the concept 'game' is not defined by the effect the game is supposed to have on us. (PG I. 140.)

The rules of grammar may be called "arbitrary", if that is to mean that the *aim* of the grammar is nothing but that of the language. (PII. 498.)

The difference between the value of language and the value of cookery is analogous to Kant's distinction between *dignity* and *price*. A Lakatosian research program – like cookery – gains its justification from the *outside* – from its pragmatic success. But the success or failure of language, for Wittgenstein, cannot be described in terms of the promotion of some pragmatic end, because the ends served by language are *internal* to language.

What are the goals of language? Perhaps: to describe reality truly, and to communicate with others. But these are not goals for which language is *useful*, as a hammer is useful for driving in nails; rather, language is *constitutive* of these goals. Consider the first goal: to describe reality truly. Suppose I say that the point of uttering the sentence "snow is white" is to state the extralinguistic fact that snow is white; the utility of language thus lies in its correspondence to reality. Wittgenstein answers:

The rules of grammar cannot be justified by shewing that their application makes a representation agree with reality. For this justification would have to describe what is represented. And if something can be said in the justification and is permitted in its grammar – why shouldn't it also be permitted by the grammar that I am trying to justify? (*PG* I. 134.)

The limit of language is shown by its being impossible to describe the fact which corresponds to (is the translation of) a sentence, without simply repeating the sentence. (*CV* 10.)

Here Wittgenstein is simply developing an insight from Frege:

Now it would be futile to employ a definition in order to make it clearer what is to be understood by 'true'. If, for example, we wished to say .... 'A is true if and only if it has such-and-such properties, or stands in such-and-such a relation to such-and-such a thing' .... it would always come back to the question whether it is true that A has such-and-such properties, or stands in such-and-such a relation to such-and-such a thing. ... Thus we should have to presuppose the very thing that is being defined. (*L* 139-140.)

Wittgenstein's point is that if I were to try to *justify* the utterance "snow is white" by saying "it states the truth, because snow really *is* white," I would simply be making *another* utterance about snow being white, an utterance just as much – or as little – in need of justification as the first one. Describing reality truly is done *in* language; it is not some sort of "product" for which language is a factor of production.

We feel we wish to guard against the idea that a colour pattern is a means to producing in us a certain impression – the colour pattern being like a drug and we interested merely in the effect this drug produces. – We wish to avoid any form of expression which would seem to refer to an effect produced by an object on a subject. (Here we are bordering on the problem of idealism and realism and on the problem whether statements of aesthetics are subjective or objective.) (*BB*, pp. 178-179.)

It has sometimes been said that what music conveys to us are feelings of joyfulness, melancholy, triumph, etc., etc. and what repels us in this account is that it seems to say that music is an instrument for producing in us sequences of feelings. And from this one might gather that any other means of producing such feelings would do for us instead of music. – To such an account we are tempted to reply "Music conveys to us *itself*!" (*BB* p. 178.)

And so it is for language: language conveys to us *itself*. Precisely the same consideration applies to the second goal: communication.

Where does language get its significance? Can we say “Without language we couldn’t communicate with one another”? No. It’s not like “without the telephone we couldn’t speak from Europe to America”. ... But the concept of language *is contained in* the concept of communication. (PG I. 140.)

The ends of language are internal to language; it does not serve some pragmatic end *beyond* itself. It is in *that* sense that language is “arbitrary” and “conventional.”

But what of Wittgenstein’s insistence that language games depend for their coherence on their empirical applicability? Mathematics would fall apart, Wittgenstein says, if we couldn’t apply it to reality (if everything, e.g., were like his magically multiplying beans). So doesn’t the validity of grammar depend on its fruitfulness, just as Rizzo says? Wittgenstein answers: “This game proves its worth. That may be the *cause* of its being played, but it is not the *ground*.”<sup>103</sup> (OC 476; emphasis mine.) In other words: pragmatic applicability may be causally *necessary* for our linguistic practices to take hold, but it is not by appeal to pragmatic applicability that we *justify* those practices. (Likewise, perhaps moral behaviour persists because it promotes long-term survival; but moral behaviour is not to be *justified* by appealing to its survival value.)

But isn’t this overstating the difference between language and a Lakatosian research program? After all, Wittgenstein names *chess* as an example of a practice that is “arbitrary” in the sense of “not defined by the effect the game is supposed to have on us.” According to Wittgenstein, if we violate the rules of cookery we are cooking badly, but “if you follow other rules than those of chess you are playing another game.” Yet that doesn’t mean we can’t evaluate chess on pragmatic grounds. We can decide whether it’s worthwhile to play chess or not. The real difference between chess and cookery might seem to be this: in cookery you’re always authorized to do anything that will result in a tastier dish, but in chess you’re not always authorized to make any move that will result in a more entertaining game. But this doesn’t show that entertainment isn’t the point of

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<sup>103</sup> Compare Aristotle’s claim that the city “came about for the sake of life, but exists for the sake of the good life.” (*Politics* 1252 b 30-31.)

playing chess. All it shows that the game will be more entertaining *in general* if those who play it commit themselves to playing by the rules, rather than by violating the rules whenever doing so would result in more entertainment on a particular occasion.<sup>104</sup> In playing chess you're not guided by considerations of entertainment, you're guided by the rules. But when you decide whether to play chess or not, you do take entertainment into consideration. So pragmatic considerations do come into consideration when justifying a practice as a whole, even if such justifications do not play such a role *within* the practice. But all this could be said of a Lakatosian research program as well. (Indeed it all sounds rather like Carnap's theory of frameworks.)<sup>105</sup> So where does the difference lie?

It lies, I think, in the fact that we cannot opt out of logic or mathematics or praxeology the way we can opt out of a Lakatosian research program. (In this respect chess is a misleading – because incomplete – analogy.) If one research program ceases to be fruitful, we can switch to another. (Not painlessly – paradigm shifts are always jarring – but the transition can be made.) But if our ability to apply logic or mathematics or praxeology breaks down, it is not a particular *style* of thought, but *thought itself*, that becomes disabled – because “it is just this that is called ‘thinking’, ‘speaking’, ‘inferring’, ‘arguing’.” (RFMI. 156.)

Hence, although the rules of logical grammar are “arbitrary” in the sense of not being designed to promote some independently specifiable goal, they are *not* “arbitrary” in the sense of being *dispensable*. Having affirmed their arbitrariness in the first sense, Wittgenstein proceeds to deny their arbitrariness in the second sense:

All testing, all confirmation and disconfirmation of a hypothesis takes place already within a system. And this system is not a more or less arbitrary and doubtful point of departure for all our arguments: no, it belongs to the essence of what we call an argument. The system is not so much the point of departure, as the element in which arguments have their life. (OC 105.)

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<sup>104</sup> cf. John Hospers, “Rule-Utilitarianism”; John Rawls, “Two Concepts of Rules,” \*\*\*; Philippa Foot, “Morality as a System of Hypothetical Imperatives.”\*\*\*

<sup>105</sup> Rudolf Carnap, “Empiricism, Semantics, and Ontology”; in *Meaning and Necessity*, 2<sup>nd</sup> ed. (Chicago: University of Chicago Press, 1956), pp. 205-221.

And thinking and inferring (like counting) is of course bounded for us, not by an arbitrary definition, but by natural limits corresponding to the body of what can be called the role of thinking and inferring in our life. (*RFM* I. 116.)

You must bear in mind that the language-game is so to say something unpredictable. I mean: it is not based on grounds, it is not reasonable (or unreasonable).

It is there – like our life. (*OC* 559.)

That conceptual grammar is “not based on grounds” is what makes it arbitrary in the first sense. That conceptual grammar is “there – like our life” is what makes it non-arbitrary in the second sense. Certainly “it belongs to the logic of our scientific investigations that certain things are *in deed* not doubted,” but this isn’t a research program we’ve *decided* on: “My *life* consists in my being content to accept many things.” (*OC* 342-344.)

Hayek likewise points out that although certain rule-governed practices persist only *because* they have useful effects, those effects are not the *aim* of the practice, and need not even be sought or contemplated by the participants, who simply *find* themselves “always already” embedded in the practice:

The cultural heritage into which man is born consists of a complex of practices or rules of conduct which have prevailed because they made a group of men successful but which were not adopted because it was known that they would bring about desired effects. ... The result of this development will in the first instance not be articulated knowledge but a knowledge which, although it can be described in terms of rules, the individual cannot state in words but is merely able to honour in practice. The mind does not so much make rules as consist of rules of action, a complex of rules .... They will manifest themselves in a regularity of action which can be explicitly described, but this regularity of action is not the result of the acting persons being capable of thus stating them. ... Although such rules come to be generally accepted because their observation produces certain consequences, they are not observed with the intention of producing those consequences – consequences which the acting person need not know. (*LLL* I. 1; cf. *CL*.)

The *groundlessness* of logic and praxeology is linked to Wittgenstein’s rejection of the impositionist/reflectionist dichotomy. It is a sign of confusion to say either that the logicity of the world has its source in the structure of thought or that the logicity of thought has its source in the structure of the world – as though the logicity of thought

and the logicity of the world were two different facts that need to be hooked together, rather than being two sides of the same fact.<sup>106</sup> *The limits of my language mean the limits of my world.* As Alice Crary explains:

The remarks [on the wood-sellers] begin by seeming to take seriously an idea of people who think and speak yet do so (by our lights) illogically. They invite us to try to realize such an idea in imagination and then dramatize for us the fact that we inevitably fail to do so. ... Wittgenstein is not advocating a conventionalist view of logical necessity [but] attacking such a view. ... [But] there is nevertheless a sense in which these remarks *are* intended to impress upon us the contingency of our concepts. ... Given [a certain] picture, it appears that we can demonstrate that our practices are “absolutely the correct ones” by pointing to features of reality which underwrite them. ... It is natural to take Wittgenstein’s attack on this philosophical picture as intended to show that there are *no* features of reality which determine the correctness of our practices and that our practices are at best merely the product of, say, convention. ... So it is important to stress that these remarks are no less opposed to views which depict our practices as radically contingent than they are to views which ... suggest the possibility of showing that our practices are absolutely correct. Wittgenstein’s concern here is with an idea common to both types of views. He is attacking the idea of a perspective on language as if from outside from which we can discern either that there are features of reality which underlie our practices and determine their correctness or that there are no such features and that something else – such as our linguistic conventions – determines what counts as correct. His remarks about the mathematical strangers [= the wood-sellers] are supposed to remind us that our ability to discover that the practices of others are correct or incorrect depends on nothing more and nothing less than our ability to *perceive* regularity or some failure of regularity in those practices.<sup>107</sup>

We cannot justify our language by pointing to its *reflection* of extralinguistic reality, because it is only *in* and *through* language that we can do such pointing. The relation between language and the world is not one of *constraint*, in either direction. “The laws of inference do not compel him to say or write such and such like rails compelling a

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<sup>106</sup> Wittgenstein’s solution to the reflectionist/impositionist dichotomy is thus a dialectical one. (See Sciabarra, *op. cit.*) It also represents an application of Ramsey’s Maxim – the strategy of rejecting a false opposition by rejecting a premise shared by both sides.

<sup>107</sup> Alice Crary, “Wittgenstein and Political Thought,” pp. 136-137, in *The New Wittgenstein*, *op. cit.*, pp. 118-145.

locomotive.” (*RFM* I. 116.) Reality doesn’t foist the rules of grammar on us; nothing does. Our thinking is free, rail-less. Yet it is misleading to say that we can change the rules of logical grammar as we please, because certain rules are essential for thinking at all. That doesn’t mean we run up against some sort of boundary; there are rules one cannot think past, but that means not “try as he may he can’t think it” but rather that once we leave those rules behind we no longer count as thinking. (And of course nothing *forces* us to think. We are free to lie around in a drug-induced stupor until we die of starvation.) Naturally we can make whatever stipulations we please as to *what form of words* will count as asking a question, making an assertion, and so forth; in *that* sense, the laws of grammar are radically malleable. But unless we act in accordance with rules that *do* make certain forms of words count as asking questions and making assertions, we cannot ask any questions or ~~make~~ any assertions; in *that* sense the laws of grammar are not malleable at all. To borrow Hayek’s terminology, a mind that “consists of rules” cannot intelligibly be interpreted either as *making* rules (as though it might have left them unmade), or as having rules *imposed* on it (as though it might have been free of them). Wittgenstein’s idea here is really a very Kantian one: *We act freely when we act in accordance with a law we impose on ourselves, even though the structure of reason itself determines what law we can impose on ourselves.* (This is just what is called: autonomy.)

It is no act of insight, intuition, which makes us use the rule as we do ....  
It would be less confusing to call it an act of decision, though this too is misleading, for nothing like an act of decision must take place but possibly just an act of writing or speaking. And the mistake which we here and in a thousand similar cases are inclined to make is labeled by the word “to make” as we have used it in the sentence “It is no act of insight that makes us use the rule as we do”, because there is an idea that ‘something must make us’ do what we do. And this again joins on to the confusion between cause and reason. *We need have no reason to follow the rule as we do.* The chain of reasons has an end. (*BB* \*\*\* br5)

When Wittgenstein says that it is “no act of insight, intuition, which makes us use the rule as we do,” he is rejecting reflectionism; when he says that it is “misleading” to call it an “act of decision,” he is rejecting impositionism. Nothing *makes* us think as we do; there

are no external rails compelling us. We have no *reasons* for thinking as we do; there are no grounds for our practice external to our practice.

A grasp of the rail-lessness of thought elucidates the connection between the groundlessness of mathematics and its dependence on empirical applicability. Wittgenstein writes:

One always has an aversion to giving arithmetic a foundation by saying something about its application. It appears firmly enough grounded in itself. And that of course derives from the fact that arithmetic is its own application.

Arithmetic doesn't talk about numbers, it works with numbers.

The calculus presupposes the calculus. (*PR* 109.)

What are we to make of these Delphic utterances? This, I think: The “aversion” Wittgenstein refers to here is the Fregean aversion to making the validity of mathematics depend on its empirical applicability à la Mill. What Wittgenstein is pointing out is that, contra both Frege and Mill, the empirical applications of mathematics can be described *only in mathematical language itself*. Mathematics depends, as Wittgenstein says, on beans, sticks, and so forth behaving themselves – but what is meant by their behaving themselves cannot be expressed in non-mathematical terms. So the empirical reality on which mathematics rests is not really something *beyond* mathematics to which mathematics might or might not correspond. (Compare Wittgenstein's view that psychological language requires observable behavioural criteria, but that these criteria themselves are not definable in non-psychological terms.)

We saw before that, according to Wittgenstein, the fact that grammar is accountable to no standard beyond itself is supposed to be relevant to “the problem of idealism and realism.” (*BB*, pp. 178-179.) How so? Well, idealism and realism seem to correspond, respectively, to impositionism and reflectionism; so in rejecting the first opposition, might Wittgenstein also be rejecting the second? This does seem to be the right way to categorize his approach. To be sure, Wittgenstein sometimes refers to his position as a form of realism: “Not empiricism and yet realism in philosophy, that is the hardest thing.” (*RFM* VI. 23.) But when realism is understood *metaphysically*, as correspondence to an independent reality, Wittgenstein rejects it as reflectionist – *but not*

*in favor of idealism*, since that is rejected as impositionist: “the common-sense man,” Wittgenstein tells us approvingly, “is as far from realism as from idealism.” (*BB*, p. 48.)

One man is a convinced realist, another a convinced idealist and teaches his children accordingly. ... But the idealist will teach his children the word ‘chair’ after all, for of course he wants to teach them to do this and that, e.g. to fetch a chair. Then where will be the difference between the idealist-educated children and the realist ones? Won’t the difference only be one of battle cry? (*Z* 413-414.)

The realist, the idealist, and the common-sense man will all agree, Wittgenstein thinks, that, e.g., there is a chair here. But the realist and the idealist each want to *add* to this basic claim an *analysis* of the claim’s truth, while the common-sense man is content to leave the statement as it stands. And Wittgenstein endorses the common-sense position: “What *we* do is to bring words back from their metaphysical to their everyday use.” (*PI* I. 116.) The realist and the idealist are both making the mistake of trying to compare the statement with extra-linguistic reality (so that one can say “lo, correspondence!” and the other can say “lo, an absence of correspondence!”); but we cannot get outside of language in order to make such a comparison. Our concepts and language have no application “out there”; so in talking about how things are “out there” – in trying to employ a phrase like “out there” meaningfully – the realist and the idealist have not succeeded in saying anything.

The correct method in philosophy would really be the following: to say nothing except what can be said ... and then, whenever someone else wanted to say something metaphysical, to demonstrate to him that he had failed to give a meaning to certain signs in his propositions. (*TLP* 6.53.)

An extra-linguistic standpoint cannot be described, since such a description would have to take place *in language*, neither the realist nor the idealist has given any definite sense to the terms he uses to state his position. Hence both, according to Wittgenstein, are speaking nonsense. The difference between them does not lie in anything cognitive; it is merely a difference in “battle cry.”

[W]hat the solipsist means is quite correct; only it cannot be said, but makes itself manifest. The world is my world: this is manifest in the fact that the limits of language (of that language which alone I understand)

mean the limits of my world. ... Here it can be seen that solipsism, when its implications are followed out strictly, coincides with pure realism. The self of solipsism shrinks to a point without extension, and there remains the reality co-ordinated with it. (*TLP* 5.62-5.65.)

I take Wittgenstein to mean: idealism is quite correct in pointing out that we can make no sense of the notion of a reality beyond our language. But to conclude from this that there *is* no reality beyond our language is to try to do the very thing that idealism shows to be impossible: to talk about how things are “out there,” extra-linguistically. Once we recognize that this is impossible, we will no longer be idealists, but realists – not *metaphysical* realists, asserting the opposite of what idealists deny (the negation of a nonsense is another nonsense), but ordinary realists, talking about ordinary reality and neither affirming nor denying its correspondence to a transcendent realm.<sup>108</sup>

Hence Wittgenstein’s approach is best understood as a version of what Arthur Fine calls *postrealism*.<sup>109</sup> Realists believe that “electrons exist” is true, and that its truth consists in its correspondence to an independent reality; antirealists believe that “electrons exist” is true, and that its truth consists in something about the nature of our mode of experience. Postrealists believe that “electrons exist” is true, and then *stop*, without adding anything about truth one way or the other (beyond mere Tarskian disquotationality).

It seems to me that when we contrast the realist and the antirealist in terms of what they each want to add to the core position, a third alternative emerges – and an attractive one at that. It is the core position itself, *and all by itself*. ... The core position is neither realist nor antirealist; it

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<sup>108</sup> The idea that idealism, taken to its logical conclusion, turns into realism again probably derives from Wittgenstein’s reading of Nietzsche. (See the passages titled “On ‘Reason’ in Philosophy” and “How the ‘True World’ Finally Became a Fable: History of an Error,” in *Twilight of the Idols*, III-IV.) Nietzsche tells us that “with the true world we have also abolished the apparent one” – i.e., abolished its *status* as merely apparent, since it could count as “apparent” only in contrast to a transcendently real world, reference to which we have renounced. A similar idea is found in the 12<sup>th</sup>-century Chinese philosopher Qingyuan Weixin (Ch’ing-yüan Wei-hsin): “Thirty years ago, before I began the study of Zen, I said, ‘Mountains are mountains, waters are waters.’ After I got insight into the truth of Zen through the instructions of a good master, I said, ‘Mountains are not mountains, waters are not waters.’ But now, having attained the abode of final rest [i.e. Enlightenment], I say, ‘Mountains are really mountains, waters are really waters.’” (Quoted in Abe Masao, *Zen and Western Thought*, ed. William R. LaFleur (Honolulu: University of Hawaii Press, 1989), p.4.)

<sup>109</sup> He also calls it the “natural ontological attitude,” but this is puffery.

mediates between the two. ... I think the problem that makes the realist want to stamp his feet, shouting “Really!” (and invoking the external world) has to do with the stance the realist tries to take vis-à-vis the game of science. The realist, as it were, tries to stand outside the arena watching the ongoing game and then tries to judge (from this external point of view) what the point is. It is, he says, *about* some area external to the game. The realist, I think, is fooling himself. For he cannot (really!) stand outside the arena, nor can he survey some area off the playing field and mark it out as what the game is about. ... [W]hat stance could we take that would enable us to judge what the theory of electrons is *about*, other than agreeing that it is about electrons? It is not like matching a blueprint to a house being built, or a map route to a country road. For we are *in* the world, both physically and conceptually. That is, *we* are among the objects of science, and the concepts and procedures that we use to make judgments of subject matter and correct application are themselves part of that same scientific world.<sup>110</sup>

I think Fine’s view (which I take to be in the same spirit as Wittgenstein’s) is both deeply right and deeply wrong. To my mind, both thinkers *rightly* reject reflectionism in favour of what I’ve been calling the “rail-less” view, but *wrongly* think that in doing this they are committed to rejecting metaphysical realism in favour of postrealism. It is quite right to say that we cannot describe extra-linguistic reality from a standpoint outside language. But why can’t we describe extra-linguistic reality from *within* language? There is all the difference in the world between saying (rightly) that we can never *conceive-of-reality* apart from language, and saying (wrongly) that we can never conceive of *reality-apart-from-language*. To deny this is to recapitulate Berkeley’s mistaken inference from saying that we can never *think-of-anything-existing* in the absence of thought, to saying that we can never think of *anything-existing-in-the-absence-of-thought*. (I can’t *see-a-thing* without eyes, but I can see a *thing-without-eyes*.) Mathematics is not *found* in reality; it is brought *to* it. But in bringing mathematics to the world, we are seeing the world as mathematical; and in so seeing it, we are seeing it as something that is mathematical *independently of us*. Nothing prevents us from using our logical grammar to say of the world that it would still be logical if we had never existed.

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<sup>110</sup> Arthur Fine, “The Natural Ontological Attitude,” pp. 97-99; in Jarrett Leplin, ed., *Scientific Realism* (Berkeley: University of California Press, 1984), pp. 83-107.

Earlier I said that the logicity of the world and the logicity of thought were two sides of the same fact. This might sound as though the world would not be logical in the absence of thought. But that does not follow. The logicity of the world is inseparably connected to the *logicity* of thought, not to the *existence* of thought. Nothing counts as thought unless it is logical; the nonexistence of thought would not falsify *that* claim. If no thinkers existed, it would still be a fact that *if* thinkers were to exist, then they would have to think logically – since this just means that if there were thinkers, they would be *thinkers* instead of something else. We can reject reflectionism and still agree that it makes sense, contra postrealism, to speak of the world as existing and being logical independent of and prior to thought. (We might call this “rail-less realism.”)

*Not reflectionism and yet realism in praxeology, that is the hardest thing.* In Hoppe’s writings on praxeology, however, we have a version of apriorism that I believe can be interpreted as suggesting a form of rail-less realism of the sort I advocate. Hoppe writes:

Causality ... is a category of action, i.e., it is produced or constructed by us in following some procedural rule; and this rule, as it turns out, proves to be necessary in order to act at all. ... After what has been said about causality, it should indeed be easy to see that it is a produced rather than a given feature of reality. One does not experience and learn that there are causes which always operate in the same way and on the basis of which predictions about the future can be made. Rather, one establishes that phenomena have such causes by following a particular type of investigative procedure, by refusing on principle to allow any exceptions, i.e., instances of inconstancy, and by being prepared to deal with them by producing a new causal hypothesis each time any such an [sic] apparent inconstancy occurs. But what makes this way of proceeding necessary? Why does one *have* to act this way? Because behaving this way is what performing intentional actions is; and as long as one acts intentionally, presupposing constantly operating causes is precisely what one does. (TSC, pp. 113-114.)

This passage is a clear rejection of reflectionism. (And the similarity to Wittgenstein is striking; compare Hoppe’s remark that “behaving this way is what performing intentional actions is” with Wittgenstein’s observation that “it is just this that is called ‘thinking’, ‘speaking’, ‘inferring’, ‘arguing’.”) But Hoppe is not endorsing either Kantian-style

impositionism<sup>111</sup> or Wittgensteinian-style postrealism, but rather *realism*, in the sense that involves the presupposition of an independent reality to which our thought corresponds:

True, any language is a conventional sign system, but what is a convention? Evidently, it cannot be suggested that “convention” in turn be defined conventionally, as that would simply be begging the question. ... Saying and being understood in saying “convention is used in such and such a way” presupposes that one already knows what a convention is, as this statement would already have to make use of language as a means of communication. Hence, one is forced to conclude that language is a conventional sign system and as such knowledge about it can only be empirical knowledge. But in order for there to be such a system it must be assumed that every speaker of a language already knows what a convention is, and he must know this not simply in the way he knows that “dog” means dog, but he must know the real, true meaning of convention. As such his knowledge of what a language is must be considered a priori. ... What a proposition is cannot be explained to a speaker by just another statement unless he already knows how to interpret this as a proposition. ... To define “definition” ostensibly would be entirely meaningless, unless one already knew that the particular sound made was supposed to signify something whose identification should be assisted by pointing, and how then to identify particular objects as instances of general, abstract properties. In short, in order to define any term by convention, a speaker must be assumed to have a priori knowledge of the real meaning – the real definition – of “definition.”

The knowledge about language, then, that must be considered a priori in that it must be presupposed of any speaker speaking any language, is that of how to make real conventions, how to make a proposition by making a statement (i.e., how to mean something by saying something) and how to make a real definition and identify particular instances of general properties. ... [B]y *knowing* this to be true of language a priori, one would also know an a priori truth about reality: that it is made of particular objects that have abstract properties, i.e., properties of which it is possible to find other instances; that any one object either does or does not have some definite property and so there are facts that can be said to be the case, true or wrong; and also that it cannot be known a priori what all the facts are, except that they indeed also must be facts, i.e., instances of particular abstract properties. And once again, one does not know all this from experience, as experience is only what can appear in the forms just described. (*TSC*, pp. 110-111.)

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<sup>111</sup> Hoppe in fact interprets Kant himself in a non-impositionist manner. I don't agree with Hoppe's interpretation of Kant (I agree that Kant commits himself to rejecting impositionism, but I think Kant *also* commits himself to accepting it), but issues of Kantian exegesis need not concern us here. (And aren't you glad of *that*?)

It has been a common quarrel with Kantianism that this philosophy seemed to imply some sort of idealism. ... We must recognize that such necessary truths are not simply categories of our mind, but that our mind is one of acting persons. Our mental categories have to be understood as ultimately grounded in categories of action. And as soon as this is recognized, all idealistic suggestions immediately disappear. Instead, an epistemology claiming the existence of true synthetic a priori propositions becomes a realistic epistemology. Since it is understood as ultimately grounded in categories of action, the gulf between the mental and the real, outside, physical world is bridged. As categories of action, they must be mental things as much as they are characteristics of reality. For it is through actions that the mind and reality make contact. ... [T]he conceptual distinctions involved in this understanding are nothing less than the categories employed in the mind's interaction with the physical world by means of its own physical body. ...

Acting is a cognitively guided adjustment of a physical body in a physical reality. And thus, there can be no doubt that a priori knowledge, conceived of as an insight into the structural constraints imposed on knowledge qua knowledge of actors, must indeed correspond to the nature of things. (*ESAM* 20-22, 70.)

Wittgenstein, by contrast, resists the notion of “correspondence to the nature of things.” As we’ve seen, we cannot employ our concepts unless we have some ability to apply them in particular cases. From this fact Wittgenstein concludes that antirealism is *meaningless*, because in renouncing the application of his terms (i.e., saying that nothing *really* answers to the terms of ordinary speech), the antirealist is renouncing the very concepts he needs in order to state his antirealist thesis meaningfully. But what Wittgenstein should say instead, on my view, is that by employing the concepts involved in his antirealist thesis, the antirealist is committing himself to *accepting* the very applications that his thesis commits him to rejecting, and so the antirealist is committed to recognizing his own thesis as *false* (rather than meaningless). As Frege writes:

If anyone tried to contradict the statement that what is true is true independently of our recognizing it as such, he would by his very assertion contradict what he had asserted; he would be in a similar position to the Cretan who said that all Cretans are liars. (*L* 144.)

Why does Wittgenstein prefer postrealism to (metaphysical) realism? I can think of two possible reasons. First, he might be thinking along the following lines. Since trying

to state the antirealist thesis inherently carries with it contradictory commitments, antirealism, *if meaningful*, would be self-contradictory. But a self-contradictory statement has no intelligible *use*. (What could you do with it?) Hence the antirealist thesis must be a meaningless string of dead signs (for the life of the sign is its use). But if antirealism is meaningless realism must be so also (since the negation of a nonsense is a nonsense).

But here I would reply by turning Wittgenstein's argument (if it is his) on its head. The realist thesis is meaningful, because one can *use* it to point out the fact (a perfectly respectable fact, storable in language) that, e.g., two and two would still equal four if there were no language-users.<sup>112</sup> And then the antirealist thesis is meaningful because one can *use* it to deny the meaningful thesis of realism.

The second possible motivation for Wittgenstein's postrealism may be his conviction that *it is vacuous to say of X that it measures up to a standard unless it is possible for X to fail to measure up to that standard*. (Call this the metre-stick principle.)<sup>113</sup>

Let us imagine samples of colour being preserved in Paris like the standard metre in Paris. We define: "sepia" means the colour of the standard sepia which is there kept hermetically sealed. Then it will make no sense to say of this sample either that it is of this colour or that it is not. (PII. 50.)

[T]o *think* one is obeying a rule is not to obey a rule. Hence it is not possible to obey a rule 'privately': otherwise thinking one was obeying a rule would be the same thing as obeying it. (PII. 202.)

[I]n the present case I have no criterion of correctness. One would like to say: whatever is going to seem right to me is right. And that only means that here we can't talk about 'right'. (PII. 258.)

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<sup>112</sup> Wittgenstein generally supposes that metaphysical statements have no use in ordinary life and activity. But of course they have a use in *metaphysics*. So is metaphysics not a part of ordinary life and activity? It certainly is for some of us.

<sup>113</sup> There is a certain similarity here to the verificationist theory of meaning – a fact that should be enough to make a Wittgensteinian think twice about the metre-stick principle! Wittgenstein, I have argued, is no verificationist; all the same, he has passed close enough to the flame to have the smell of the smoke still on him. (The same applies to Popper's principle of falsifiability: "No theory can tell us anything about the empirical world unless it is in principle capable of clashing with the empirical world." *Myth of the Framework*, op. cit., p. 94.) Popper and Wittgenstein are two anti-positivists who nonetheless make unfortunate concessions to positivism. We shall see that *Mises is another*. Perhaps, as Max Scheler once speculated (Rothbard, *SCHV*), there's something about the Viennese climate.)

How does the metre-stick principle support postrealism? Well, if reality had a logical structure independent of our language, as realism claims, then our thought's being logical would involve our thought's measuring up to reality as a standard.<sup>114</sup> But, given the metre-stick principle, our thought would then have to be capable of illogicality. Since, instead, nothing illogical counts as thought, we must reject all talk of reality's extralinguistic logicality.

But I think we should reject the metre-stick principle,<sup>115</sup> or at least reject its applicability to the present case.<sup>116</sup> The fact that the logicity of thought *involves* measuring up to an extralinguistic standard does not mean that the logicity of thought *consists* in measuring up to an extralinguistic standard; realism does not entail reflectionism. (Realism can be rail-less and yet metaphysical.) Hence it is *necessarily true*, yet *not vacuous*, to say that thought corresponds to an independent reality.

A consideration of what goes wrong with one recent argument for impositionism helps to show why it is realism rather than postrealism that we should adopt in place of impositionism. Alan Sidelle writes:

The modal properties of the referents of our terms are not 'discovered' by examination of these things; they are built into the determination of reference itself. Once we have achieved determinate reference, it is no

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<sup>114</sup> To put the point in Husserl's terms: if logic is the physics of truth, then it must be the ethics, not the physics, of thinking.

<sup>115</sup> It might be objected that if we reject the metre-stick principle, we must accordingly reject the private-language argument that rests on it; and that this will imperil praxeology because a) the private language argument is the basis for saying that outward actions are criterial of mental states, and b) the Austrian view of economic calculation stands or falls with the private-language argument. (For (b), see Saul A. Kripke, *Wittgenstein on Rules and Private Language: An Elementary Exposition* (Cambridge: Harvard University Press, 1982), p. 89n., and Don Lavoie, *Rivalry and Central Planning: The Socialist Calculation Debate Reconsidered* (Cambridge: Cambridge University Press, 1985), p. 15n. Kripke takes it on authority that the Austrian view is wrong and worries whether this bodes ill for the private-language argument; Lavoie argues that the Austrian view is right and concludes that this bodes well for the private-language argument.) Reply to (a): the private-language argument is *a* basis for the criteria theory, but not the only basis; the dead-sign argument à la Strawson works just as well, and is independent of the private-language argument. Reply to (b): the similarity between the private-language argument and the Austrian calculation argument has been vastly exaggerated; contra Kripke, the problem with economic calculation in the absence of market prices is not that any decision one makes is bound to be *right*, but rather that any decision one makes is bound to be *wrong*.

<sup>116</sup> Even if realism were vacuous, I think it would be vacuously *true* (and so not meaningless). But I am claiming, more strongly, that realism is *non-vacuously true*.

longer an open question what the modal properties of a thing are – for we must settle upon them, by our choice of referential intentions, in order to achieve such reference. Our modal intuitions are tied not to the entities to which we refer, but to our intentions. ... [What] our modal intuitions ... reflect is not, in the first instance, our beliefs about the modal properties of independently specified entities, but rather the referential intentions in virtue of which we refer to things with one rather than another set of modal properties. ... Thus, we do not come about modal knowledge by investigating a thing; the modal intuitions whereby we come about modal knowledge are reflections of how we have determined what it is that we are talking (thinking) about, and not of the thing thereby picked out. ... [T]hese necessities are grounded in our conventions.<sup>117</sup>

Sidelle is quite right in saying that our referential intentions make it no longer an open question what the modal properties of our referents are. (Hence reflectionism about modality is false.) But the impositionist moral that Sidelle draws from this insight is mistaken. What my referential intentions are – indeed, what my intentions of any sort are – can't just be a matter of what my occurrent conscious states are right now (since, for one thing, I can be mistaken about my referential intentions, as Sidelle himself convincingly argues). What semantic intentions I have consists at least partly in my dispositions. So I have to have dispositions in order to count as having semantic intentions. *But* my having dispositions involves there being subjunctive conditionals (including counterfactuals) true of me, and only things that are modally individuated (in Sidelle's sense) can have subjunctive conditionals be true of them. Therefore, referential intentions cannot be the source of (all) modal individuation, because the referential intender must be modally individuated *already* in order to have referential intentions in the first place. An anti-reflectionist account of modality thus turns out to *presuppose* realism.<sup>118</sup>

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<sup>117</sup> Alan Sidelle, *Necessity, Essence, and Individuation: A Defense of Conventionalism* (Ithaca: Cornell University Press, 1989), pp. 109-111.

<sup>118</sup> “[E]ven if the world in itself were infinitely elastic in the sense that it would be capable of bearing any and every sort of forming and shaping, then it seems there must still be some residual *a priori* structure ... on the side of the mind that is responsible for this forming and shaping. For if the latter is not entirely random, then the mind itself must possess some structures of its own, and these cannot themselves be the result of forming and shaping in the Kantian sense, on pain of vicious regress.” (Barry Smith, *Austrian Philosophy*, op. cit., pp. 309-310.; cf. Stephen Yablo, review of Sidelle, *Philosophical Review* 101, no. 4 (October 1992), pp. 878-881.)

How could our semantic intentions guarantee the truth of a proposition, if not by *making* that proposition true? The answer is: *Our semantic intentions can guarantee a proposition's truth in virtue of its truth being a precondition for our having those semantic intentions in the first place.*<sup>119</sup>

The moral can be generalized: conceptual truths are inherent *in* thinking, not discovered by it; but only in a universe conforming to such conceptual truths could there *be* thinking. (Example: only in a mathematical universe can there be counting.) Remember: we possess concepts only insofar as we are able to *use* them, and a universe where such concepts can be used is *ipso facto* a universe where these concepts are at home. We do not *justify* our forms of thought by showing that they correspond to reality; logic's justification is internal to it. But we could not be here, operating *with* our forms of thought, unless the universe were as logic describes it. (Of course this latter judgment is made from *within* our forms of thought; but that should not discredit it. It is not as though some *alternative* standpoint from which to make the judgment is conceivable.) The logicity of thought does not *reflect* the logicity of reality, but it does *presuppose* it.

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<sup>119</sup> Call this the semantic analogue of the anthropic cosmological principle.

## De-psychologizing the De-psychologizers

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*The question, “Why did you do that?”, which is clearly a request for a reason, is almost never a request for a recital of causes.*

– Richard Taylor<sup>120</sup>

I have been stressing the *inseparability* of concept from application – praxeology from thymology. But the *distinction* between the two should not be lost sight of either. The claims of praxeology are often misunderstood – by its critics, and sometimes even by its proponents – because of a failure to distinguish *logical* relationships from *causal* ones. The goal of praxeology is the de-psychologization of economics; but when even praxeologists are prone to fall short of this goal, then there arises a need for the de-psychologization of praxeology itself.

Let’s start by examining whether praxeology entails that all human actions are causally necessitated.<sup>121</sup> It might seem to, because it says that all human actions are *motivated*, and someone might suppose that an action’s being motivated consists its being causally determined by the agent’s motives – as though the motivation of an action is a matter of what happens *before* the action.<sup>122</sup> But this would be a distortion of our understanding of motives. As I have written elsewhere:

Suppose I’m crawling in the desert, dying of thirst, and suddenly a friendly sheikh pops up over the next dune and offers me a canteen of water, saying “I’ll give you a million dollars if you drink this.” I do indeed eagerly accept the water – but not because of the money, which at that moment I am too thirst-crazed to care about. Yet what makes my

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<sup>120</sup> *Action and Purpose*, op. cit., p. 141.

<sup>121</sup> Of course, as we’ve seen, Mises takes praxeology to entail the still stronger thesis that every event in the universe is causally necessitated. Most Austrians have not followed Mises with regard to either the stronger or the weaker thesis.

<sup>122</sup> Cf. Wittgenstein: “The causal connection between speech and action is an external relation, whereas we need an internal one.” (*PR* 64.)

choice to drink the water an act motivated by *thirst* rather than by *avarice*? We could talk about what antecedent mental state impels my choice, but it seems to me that what's more important is something internal to the choice's structure. When I choose the water, I choose it *as* a satisfier of my thirst, rather than as a satisfier of my avarice. (In Kantian terms, reference to thirst is part of the maxim of my action, as it were, while reference to avarice is not.) What makes a choice count as motivated by one motive rather than another has less to do with the motive's antecedent role in triggering the choice than with its internal role in constituting and specifying that choice. ... A choice need not be antecedently necessitated by a pre-existing motive X in order to count as motivated by X ... A choice, however caused, counts as motivated by motive X so long as a reference to motive X is built into the *internal* structure of that choice, whether that choice is causally necessitated or not. ... Thus reason and desire are to be regarded as different *aspects* of the soul, rather than as separate homunculi within it.<sup>123</sup>

This is why Aquinas treats reasons as formal rather than efficient causes of volition:

Is choice an act of the will, or of reason? ... Choice is neither appetite by itself nor deliberation alone, but something composed of these – for just as we say that a living thing is composed of soul and body, yet is neither body by itself nor soul alone, but is both, so it is with choice. ... But whenever two things come together to constitute some one thing, one of them is formal with respect to the other. ... It is evident that reason precedes the will in some way, and gives order to its act – insofar, i.e., as the will tends to its object in accordance with the ordering of reason, inasmuch as the cognitive power presents to the appetitive its object. Therefore, that act whereby the will tends toward something that is put forward as good, from the fact that it is ordered to the end by reason, belongs materially to the will but formally to reason.<sup>124</sup>

Philippa Foot, too, sees that doing something for a motive is more a matter of *how* one does it than of what triggered the action:

[Some think] that when a man does something meaning to do it, he does what he wants to do, and so his action is determined by his desire. But to

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<sup>123</sup> Roderick T. Long, "Passionate Amnesia: Xenophon's Solution to the Socratic Paradox" (unpublished); cf. "Free Will and Supervenience: A Heretical View" (unpublished).

<sup>124</sup> Thomas Aquinas, *Summa Theologiae* II. 1. 13. 1.

do something meaning to do it is to do it in a certain way, not to do it as the result of the operation of a causal law.<sup>125</sup>

The recognition that motives are best understood as *constituents* of actions, rather than as antecedent causes, is found in Mises also:

The most common misunderstanding consists in seeing in the economic principle a statement about the material and the content of action. One reaches into psychology, constructs the concept of want, and then searches for the bridge between want, the presentation of a feeling of uneasiness, and the concrete decision in action. Thus the want becomes a judge over action: it is thought that the correct action, the one corresponding to the want, can be contrasted to the incorrect action. However, we can never identify the want otherwise than in the action. The action is always in accord with the want because we can infer the want only from the action. Whatever anyone says about his own wants is always only discussion and criticism of past and future behavior; the want first becomes manifest in action and only in action. (*EPE* II. 3.)

People have often failed to recognize the meaning of the term “scale of value” .... They have interpreted a man’s various acts as the outcome of a scale of value, independent of these acts and preceding them .... 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 can be discerned only from the observation of real acting. (*HA* V. 4.)

Mises can easily be misinterpreted as making some sort of verificationist point here, in which case his claim will sound grossly implausible. As Jeremy Shearmur, a Hayekian-Popperian critic of Mises, complains:

[T]he view that we cannot tell what other people’s preferences are until they act ... [seems] to me grotesquely false. If [it] *were* true, it would be difficult to imagine how most of everyday human life could take place – how we could interact with one another, speak a shared language, and so on.<sup>126</sup>

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<sup>125</sup> Philippa Foot, “Free Will As Involving Determinism,” pp. 64-65; in Philippa Foot, *Virtues and Vices and Other Essays in Moral Philosophy* (Berkeley: University of California Press, 1981), pp. 62-73.

<sup>126</sup> Jeremy Shearmur, “Subjectivism, Explanation and the Austrian Tradition,” p. 109; in Bruce J. Caldwell and Stephan Boehm, eds., *Austrian Economics: Tensions and New Directions* (Dordrecht: Kluwer, 1992), pp. 103-135.

Mises indeed does not take sufficient care to avert this kind of interpretation; so it is hard to say whether the confusion should be laid at Shearmur's feet or at Mises'. (Mises' tendency to insist on one-use-per-term certainly doesn't help here when it comes to terms like *preference* and *value*.) But clearly the point Mises is *aiming* at, however imprecisely he may hit it, is a distinction between *psychological* and *praxeological* conceptions of preference – between preferences as antecedent feelings of desire, and preferences as internal constituents of actual choice.<sup>127</sup> It is only the latter, not the former, that cannot be known prior to action (because they do not *exist* prior to action).<sup>128</sup>

Now the determinist can fairly object that motives must play a *causal* (as well as a constitutive) role if motivated actions are to be intelligible. If a choice, with a built-in motive M, simply occurs at t without the agent having had any inclination toward M prior to t, the choice does seem unintelligible. It seems unintelligible, for example, for me to murder Eric at t, out of hatred for him, if my hatred for Eric did not pre-exist my choice to murder him. As Wittgenstein points out, there are some properties that nothing could *count* as having except in virtue of a wider temporal context than the immediate moment.<sup>129</sup>

Could someone have a feeling of ardent love or hope for the space of one second – *no matter what* preceded or followed this second? What is happening now has significance – in these surroundings. (*PI* I. 583.)

Why does it sound queer to say: “For a second he felt deep grief”? Only because it so seldom happens? (*PI* II. I.)

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<sup>127</sup> For a somewhat similar distinction within the Austrian tradition, see Alfred Schütz, *On Phenomenology and Social Relations: Selected Writings*, ed. Helmut R. Wagner (Chicago: University of Chicago Press, 1970), pp. 126-129.

<sup>128</sup> Of course there are ways of acting on a desire for  $\phi$ -ing, other than  $\phi$ -ing. When I choose  $\psi$ -ing as a means to  $\phi$ -ing, I am acting on my desire for  $\phi$ -ing, though someone observing me might not be able to determine what my *ultimate* goal was. (This shows that the expression “revealed preference” is somewhat ambiguous.)

<sup>129</sup> This is Wittgenstein's development of the Aristotelean idea that no condition lasting only for a moment could count as happiness, since “one swallow does not make a spring”; think also of conditions like *health*, *peace*, and *commitment*. (One can see this as the flipside of the Kantian idea that lying depends for its intelligibility on the presupposition of a general practice of truth-telling, so that universal lying is impossible. Some things by their nature can't be exceptional or momentary; other things by their nature can't *but* be exceptional or momentary.)

The application of the concept ‘following a rule’ presupposes a custom. Hence it would be nonsense to say: just once in the history of the world someone followed a rule (or a signpost; played a game, uttered a sentence, or understood one; and so on). (*RFM* VI. 21.)

In the same vein, arguably nothing could count as an act done out of hatred unless the hatred pre-existed the act. Hence intelligible behaviour must be at least to some extent predictable on the basis of the agent’s prior motives.

But acknowledging this need not imply any concession to determinism, for motives can play antecedent causal roles without being sufficient conditions. They can, for example, be both *necessary* conditions and *probabilifying* ones. Choices are something we *do* with the motives we already have. And if the determinist objects that we don’t really count as being in control of our actions if our motives are only contingently related to the choices they motivate, we can appeal once again to motives as constituents of choices. As constituents, motives necessitate choices but do not precede them; as causes, motives precede choices but do not necessitate them. Praxeology concerns itself with constitutive motives; it need not have anything to say about antecedent motives.

Now that the distinction between antecedent and constitutive motives is in place, we can also notice that it is not exhaustive. Suppose that as I type these words I’m feeling a slight itch, which of course is a motive for scratching. But the itch is *quite* mild, and I’m absorbed in what I’m typing and don’t want to be distracted, so I just keep on typing rather than scratch. Now my itch isn’t *antecedent* to my action of typing; it’s temporally concurrent with it. But it’s not a *constitutive* motive of my typing, or indeed of any act that I’m performing right now; it’s just there, not yet bothersome enough to provoke me to action. And perhaps it will end up going away before I ever get around to doing anything about it. This itch is a motive in the psychological sense, but it never makes it past the threshold of praxeology.

Armed with the distinction between psychological and praxeological motives, let us now consider some of Robert Nozick’s objections to the praxeological conception of preference. To Mises’ claim that actions reveal preference, Nozick objects: “Does all action show preference? ... Mightn’t the person be *indifferent* between what he did and

some other alternative available to him?”<sup>130</sup> But this response betrays a failure to distinguish between *praxeological* and *psychological* preference. Before acting, a person might very well have no *antecedent* preference one way or the other; but when she *performs* an action, a preference for *that* action is *constitutive* of the action she performs.

Missing this point leads Nozick astray on the related issue of time-preference. Recall Mises’ argument for the *a priori* character of the law of time-preference:

Time preference is a categorial requisite of human action. No mode of action can be thought of in which satisfaction within a nearer period of the future is not – other things being equal – preferred to that in a later period. The very act of gratifying a desire implies that gratification at the present instant is preferred to that at a later instant. He who consumes a nonperishable good instead of postponing consumption for an indefinite later moment thereby reveals a higher valuation of present satisfaction as compared with later satisfaction. (*HA XVIII. 2.*)

To this Nozick retorts:

[A] person might be indifferent between doing some act now and doing it later, and do it now. (“Why not do it now?”) ... [T]he fact that we act constantly cannot show that we *always* have time-preference for *all* goods. *At most*, it shows that when a person acts (and the option is available later) he has time-preference *then* for the *particular* good he then acts to get. This is compatible with an alternation of periods of preference for good *G*, and periods of *no* time-preference for good *G*.<sup>131</sup>

Again, Nozick makes the mistake of confusing psychological and praxeological preference. He is quite right in questioning the necessity of *psychological* time-preference; but praxeology is not about psychological preferences. When Nozick argues, *as a refutation of Mises*, that the only sort of time-preference that Mises’ argument establishes is the fact that “when a person acts ... he has time-preference *then* for the *particular* good he then acts to get,” he fails to realize that this is the only sort of time-preference that praxeology is concerned to establish. (Though Mises bears some blame for not distinguishing praxeological from psychological time-preference more sharply.)

Nozick furthermore complains:

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<sup>130</sup> “On Austrian Methodology,” *op. cit.*, p. 127.

<sup>131</sup> *Ibid.*, p. 136.

Finally, even if Mises' approach yielded the strong conclusion he envisages ... it would leave time-preference mysterious. Action shows time-preference; but why is there time-preference? Time-preference would still stand in need of *explanation*.<sup>132</sup>

But praxeology never promised in the first place to *explain* time-preference, at least not in the sense of "explanation" that Nozick is requiring. As Hayek reminds us:

The misunderstanding is that the social sciences aim at *explaining* individual behavior .... The social sciences do in fact nothing of the sort. If conscious action can be "explained," this is a task for psychology but not for economics .... (*IEO* III. 3.)

No doubt some sort of evolutionary story can be told as to how time-preference arose (though Mises' point is that this could only be a story about how *action as such* arose – time-preference, in the praxeological sense, not being an isolable *ingredient* in action); but that is no concern of praxeology. Whether the praxeological account of time-preference, absent the evolutionary story, leaves time-preference "mysterious" is a matter of opinion. Natural sciences and social sciences offer different sorts of explanation – the former in terms of mechanistic causes, the latter in terms of aims and intentions. To a materialist, only the first sorts of explanation are satisfying; to an animist or panpsychist, only the latter sorts are.<sup>133</sup> But why insist on explanatory monism, rather than adapting one's methodology to the subject-matter?<sup>134</sup>

More confusion arises, on both sides this time, with regard to Nozick's critique of Mises' claim that the past is irrelevant to action. Mises writes:

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<sup>132</sup> Ibid., p. 136.

<sup>133</sup> Because folk psychology has so much predictive and explanatory success when applied to the behaviour of conscious beings, our primitive ancestors applied folk psychology to the explanation and prediction of storms and seasons as well. Modern-day physicalists strike me as making the same mistake in reverse: since physicalism is so good at explaining and predicting *physical* phenomena, physicalists infer that it must do an equally good job at everything else. As Richard Taylor writes: "If we were confronted with a philosopher who professed to find nothing intelligible unless it could be construed within a teleological framework, we would undoubtedly regard him as naïve. ... Now the question should be seriously considered whether we may not regard those thinkers who profess to find nothing intelligible unless it can be construed within a non-teleological framework as equally naïve." (*Action and Purpose*, op. cit., p. 260.)

<sup>134</sup> For the Austrian critique of methodological monism, see Mises, *TF*, and Hayek, *CRS*.

Acting man does not look at his condition with the eyes of a historian. He is not concerned with how the present situation originated. His only concern is to make the best use of the means available today for the best possible removal of future uneasiness. The past does not count for him. ... He values the available means exclusively from the aspect of the services they can render him in his endeavors to make future conditions more satisfactory. The period of production and the duration of serviceableness are for him categories in planning future action, not concepts of academic retrospection and historical research. (*HA XVIII. 1.*)

Nozick, understandably, protests:

More care ... is needed in stating the future orientation of action, for the point of an act may be ... to be continuing a previously started plan, or to be following a previous commitment. Thus, it is a mistake, I think, to speak as Mises does of acting man necessarily ignoring sunk costs. ... [P]eople in restaurants often *speak* as though the reason they're going ahead to eat it is that money has already been committed to it. ... [I]t is not *impossible* that letting something he's paid for go uneaten has disutility for that person.<sup>135</sup>

Here I suspect that Mises and Nozick are talking past each other, for Mises surely does not mean to deny what Nozick affirms. Mises unfortunately expresses himself carelessly here, and it is easy to see why Nozick has misunderstood him. (Indeed, Mises may well have misunderstood himself!)<sup>136</sup> As Nozick shows, there is clearly a way of interpreting

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<sup>135</sup> "On Austrian Methodology," op. cit., p. 120.

<sup>136</sup> Mises sows more seeds of confusion on this issue in the following passage: "It is ... impermissible to differentiate between rational and allegedly irrational acting on the basis of a comparison of real acting with earlier drafts and plans for future actions. 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 and norms. ... Constancy and rationality are entirely different notions. If one's valuations have changed, unremitting faithfulness to the once espoused principles of action merely for the sake of constancy would not be rational but simply stubborn. Only in one respect can acting be constant: in preferring the more valuable to the less valuable. If the valuations change, acting must change also. Faithfulness, under changed conditions, to an old plan would be nonsensical. ... If constancy is viewed as faithfulness to a plan once designed without regard to changes in conditions, then presence of mind and quick reaction are the very opposite of constancy." (*HA V. 4.*)

In saying that a policy of abiding by past plans would be "nonsensical," is Mises calling such behaviour *impossible* – which, as Nozick shows, would be a mistake – or merely *foolish* – which seems to transgress Mises' dictum that preferences are no subject to rational evaluation? Well, what Mises is trying to do is to show that a failure of *constancy* is not thereby a failure of *rationality*. (Recall the praxeological treatment of the bed-seller case.) In doing so, he helps himself to the notion of *normative* rationality and shows that inconstancy does not guarantee normative irrationality. One might suppose that Mises, given

Mises' claim that makes it false. But we should also see that there is a way of interpreting it that makes it true. *It is not past preferences but present ones that determine conduct.* To be sure, I may have a present preference (call it A) that a past preference (call it B) guide my actions now; however, my present actions will then be explained *praxeologically* as a satisfaction of A, not of B. And that is because a past preference can never be a *constituent* of a present action, and it is only *constitutive* preferences that matter for praxeology.

In stating what someone's preferences or purposes are, do we commit ourselves to any claims about their outward conduct? Well, yes and no. If we take terms like "purpose" in their psychological sense, then a person can easily have a purpose but fail to pursue it; nothing is more common.<sup>137</sup> But when such terms are taken in their praxeological sense, this is not so. With regard to the latter case, Kirzner explains:

The proposition that the notion of purpose implies a constraint that one select the most suitable means for the fulfilment of the purpose is not a proposition *about* that purpose. The proposition as such cannot, for example, be "explained" ... by the postulation of a moral urge to fulfil one's purposes. Rather, the proposition, on the praxeological view, sets forth the nature of purpose itself. The statement that man's actions are purposeful is thus only another way of saying that man feels constrained to match means to ends.<sup>138</sup>

In other words, once we know a person's praxeological purposes, there is no longer a *further* question as to whether she acts to fulfill them, since praxeological purposes exist (or, equivalently, psychological purposes become praxeological) only in being acted on.<sup>139</sup>

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his commitment to *Wertfreiheit*, is not entitled to make use of the concept of normative rationality. But I think Mises is implicitly thinking along the following lines: "Even those who accept the notion of normative rationality are forced to grant that inconstancy is not necessarily irrational in their sense; so they should *a fortiori* grant that inconstancy is not irrational in *my* sense either, since I'm working with a broader notion of rationality than theirs anyway."

<sup>137</sup> Though if a person *never* had even any *tendency* to fulfill her purposes, we could no longer say they were her purposes, since acting to fulfill a purpose is a criterion (in the Wittgensteinian sense) of having it in the first place.

<sup>138</sup> Kirzner, *Economic Point of View*, op. cit., p. 214n.

<sup>139</sup> Thus actions are criterial for both psychological and praxeological purposes, but in a more strict sense for the latter than for the former.

A failure to distinguish the psychological from the praxeological may be at work in Popper's critique of praxeology as well. Popper is not always recognized as having discussed praxeology, but his account of the Rationality Principle is indebted *inter alia* to the early Hayek; he declares himself "particularly impressed by Hayek's formulation that economics is the 'logic of choice'."<sup>140</sup> So when Popper talks about the Rationality Principle, he is talking about praxeology. As we've seen, however, Popper accepts the Rationality Principle only as a fruitful methodological postulate, not as an *a priori* truth. Moreover, Popper thinks the postulate is not only falsifiable, but actually falsified in many cases; he thus rejects the praxeological claim that all action is rational.

Recall Popper's three versions of the Rationality Principle:

- (1) Agents always act in a manner appropriate to their situation as it actually is.
- (2) Agents always act in a manner appropriate to their situation as they actually see it.
- (3) Agents always act in a manner appropriate to their situation as they could and should have seen it.

As we've seen, praxeology is committed only to (2), not to (1) or (3). Recall, moreover, that praxeology is committed to (2) only when (2) is interpreted as:

- (2a) *Whenever agents act*, they do so in a manner appropriate to their situation as they actually see it.

But Popper is committed to none of these (except as a useful generalization):

I might add that, in my view, we sometimes act in a manner not adequate to the situation in any of the senses (1), (2), or (3) – in other words, that the rationality principle is not universally true as a description of our ways of acting.<sup>141</sup>

Popper then rejects not only (1) and (3) but also (2): we *do* sometimes act in a manner that is not adequate to our situation even as we actually see it.

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<sup>140</sup> *Myth of the Framework*, p. 181n.

<sup>141</sup> *Myth of the Framework*, p. 184n.

Why does Popper reject (2)? He offers the following counterexample to the Rationality Principle, but it is not clear which formulation of that principle is his target:

One has only to observe flustered drivers trying to get out of a traffic jam, or desperately trying to park their cars when there is hardly any parking space to be found, or none at all, in order to see that we do not always act in accordance with the rationality principle.<sup>142</sup>

This seems like a good counterexample to (1) and (3), but it is less clearly a counterexample to (2) or (2a). Perhaps Popper is thinking: it's not just that these frantic drivers *could* know better, they actually *do* know better, and they are acting against this knowledge nonetheless.

But just as we can distinguish between psychological and praxeological roles for *desire*, so we should also distinguish between psychological and praxeological roles for *knowledge*. Aristotle explains in what sense it is, and in what sense it is not, possible to act against one's knowledge:

But since we speak of knowing in a twofold sense (for both the person who possesses knowledge but does not use it and the person who uses it are said to know), one will differentiate the person who possesses knowledge but does not attend to it – and even attends instead to the things he ought *not* to do – from the person who possesses knowledge and attends to it. For the latter [if he still acts wrongly] seems bizarre, but if he does not attend to his knowledge, he does not seem bizarre. ... For we see in possessing-and-not-using a diversity of disposition, so that in a way it is possessing-and-not-possessing .... Uttering the statements based on knowledge signifies nothing. ... Incontinent people must be supposed to speak in just the way that actors do.<sup>143</sup>

Aristotle is, in effect, distinguishing between knowledge that is *constitutive* of action and knowledge that is not. Does it seem to Popper's frantic motorists that their actions are well suited to their ends? Well, yes and no; I think the motorists are best understood as having two contradictory beliefs, one of which they are attending to and the other not. Given that the motorists are doing X *in order to* achieve Y, there is plainly some sense in

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<sup>142</sup> *Myth of the Framework*, p. 172.

<sup>143</sup> Aristotle, *Nicomachean Ethics* 1146 b 31-1147 a 24; for a fuller discussion see Roderick T. Long, *Aristotle on Fate and Freedom* (unpublished).

which they believe that X will help them achieve Y. Of course, in acting on this belief, they are acting against their better judgment, which tells them that X is of no use in achieving Y and may even be counter-productive. But their better judgment is just along for the ride; it's not playing any role in *constituting* the motorists' ill-conceived actions, whereas their worse judgment is. Hence Popper's principle (2) is praxeologically acceptable only if it is interpreted not as

(2c) Whenever agents act, they do so in a manner appropriate to their situation in all the ways they actually see it.

nor yet as

(2d) Whenever agents act, they do so in a manner appropriate to their situation in the most justified of the ways they actually see it.

but rather as

(2e) Whenever agents act, they do so in a manner appropriate to their situation in the way of actually seeing it that is constitutive of their action.

A similar unclarity about the distinction between psychological accompaniments and praxeological constituents of action may be seen in both Mises *and* his critics with regard to Mises' claim that "the end, goal, or aim of any action is always the relief from a felt uneasiness." (*HA* IV. 1.) If this is to be understood as a *psychological* claim, it is obviously false, for three reasons.

First: not all action is even *preceded* or *accompanied* by a felt uneasiness. Imagine Ludwig walking down a street in Vienna, whistling happily. The whistling is certainly an action; but it doesn't arise from a feeling of uneasiness. On the contrary, it arises from a feeling of cheerful contentment.

Second: even actions that arise from a feeling of dissatisfaction are not *aimed* at the removal of dissatisfaction. As Wittgenstein writes:

Saying "I should like an apple" does not mean: I believe an apple will quell my feeling of nonsatisfaction. *This* proposition is not an expression of a wish but of nonsatisfaction. (*PI* I. 440.)

There is a difference between desiring an aspirin in order to relieve my headache and desiring an apple in order to relieve my dissatisfaction. I desire the aspirin *because* I have a headache; but I do not desire the apple *because* I am dissatisfied; rather, I am dissatisfied *because* I desire the apple (and don't have it yet). To put it another way, my dissatisfaction is *about* the apple, it represents the apple as desirable, the apple is its *object*; I can't be uncertain about what I'm desiring, because a reference to the apple is *constitutive* of the feeling of wanting an apple. By contrast, my headache is not *about* the aspirin, it doesn't represent the aspirin as desirable, it has no aspirin-related content; I *can* be uncertain about what would make the headache go away, because any reference to aspirin will be *external* to the feeling of headache.<sup>144</sup> If every desire were simply a desire for the removal of uneasiness, then *anything* that removed the uneasiness would count as a satisfaction of desire. As Wittgenstein notes, this would lead to some absurd results:

If I wanted to eat an apple, and someone punched me in the stomach, taking away my appetite, then it was this punch that I originally wanted.<sup>145</sup>  
(PR 22.)

Yet if the desire to eat an apple were *really* just a desire to remove a certain felt uneasiness, then this absurdity could not be ruled out.

Third: we can act on desires whose fulfillment we will never experience, as when we purchase life insurance. One might object that our real goal in purchasing life insurance is not the welfare of our beneficiaries after our death, but simply the good feeling that our anticipating their future well-being gives us *now*. But if that were so, then if someone

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<sup>144</sup> Wittgenstein might seem to be losing track of his own insight when he writes: "Expectation is not given an external description by citing what is expected, as is hunger by citing what food satisfies it – in the last resort the appropriate food of course can still only be a matter of conjecture." (PR 29.) Surely when I am hungry for an apple it is not a matter of conjecture what would satisfy my desire! But Wittgenstein should presumably be understood as distinguishing two senses of the claim "I know that an apple is what would satisfy my hunger." In one sense, the claim means "I know that it is an apple that is the intentional object of my hunger," and in another sense, the claim means "I know that if I were to eat an apple, I would no longer be hungry." Wittgenstein is right to see that the first claim does not entail the second, because in the first claim "hunger" refers to a feeling *defined as* having an apple as its intentional object, while in the second claim it does not. We do use the term "hunger" in both cases.

<sup>145</sup> Compare Robert J. Geis' claim (*Personal Existence After Death: Reductionist Circularities and the Evidence*, \*\*\*) that *proof* is whatever brings the process of questioning to an end. Think of all the things one could then prove by means of a sharp blow to the head! (Yet another way of "philosophizing with a hammer"?)

were to offer us a magic pill that would give us the same feeling of satisfaction that buying the life insurance would, we would have no reason to prefer the life insurance to the pill; yet we do not in fact regard one as a substitute for the other. Hence Nozick rightly insists:

I would want the theory to be formulated so that even though preferring is a subjective psychological state, the ultimate things which are preferred one to another *need not* themselves be subjective psychological states (such as felt satisfactions or dissatisfactions, or removals of such things).<sup>146</sup>

The notion of a *constitutive means* is helpful here. Suppose one of my aims is to own a Rembrandt painting. I don't desire the painting for its resale value, or in order to impress my friends; I just like having a real Rembrandt hanging on my wall. So I purchase a forgery, mistakenly believing I'm getting the real thing. Now I purchase this physical object *for the sake of* owning a Rembrandt; so acquiring the physical object is, in a sense, a *means* to acquiring the Rembrandt. Yet clearly I'm not regarding my acquisition of the object as an *external* or *instrumental* means to acquiring a Rembrandt; rather, I believe (wrongly) that getting this object just *counts* as getting a Rembrandt, and so is a *constitutive* rather than an instrumental means to my goal. Getting this physical object is not itself my goal, because once I find out that the painting is a forgery, I no longer desire the painting, although *my ultimate preferences have not changed*. Nor can we say that my ultimate goal is simply to have the *belief* that I own a Rembrandt painting (which would make the physical object an instrumental means after all). For otherwise, once I discovered the forgery I would be committed (barring a change in my ultimate preferences) to accepting a hypnotist's offer to mesmerize me into believing I own a Rembrandt. But my desire is not to believe, come what may, that I own a Rembrandt; I don't want to believe that unless it's *true*. My aim is to own a Rembrandt, not to think I do. We care not only what we believe, but also whether what we believe is true. So even

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<sup>146</sup> "On Austrian Methodology," p. 120. For elaboration and compelling defense of this point, see Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), pp. 42-45; Nozick, "On the Randian Argument," pp. 261-264; in *Socratic Puzzles*, op. cit., pp. 249-264; and Thomas Nagel, "Death," in *Mortal Questions* (New York: Cambridge University Press, 1979), pp. 1-10. The basic idea of course goes back originally to Aristotle (*Nicomachean Ethics* I. 10-11; cf. X. 2-5).

if I *don't* find out the painting is faked, and so I *think* I've got what I want, my preference is not really satisfied, since the *objects* of my preferences are not confined to my psychological states.

Call a *purely informational transformation* one in which we vary a person's factual beliefs while holding her ultimate ends fixed. By definition, invariance under purely informational transitions is a characteristic of ultimate ends. Now consider that subset of purely informational transformations in which I desire to own a Rembrandt, and I pass from believing to disbelieving that this physical object is a genuine Rembrandt. Neither my preference for owning this physical object nor my preference for believing that I own a Rembrandt *need* be invariant under such transformations; hence my ultimate end must be the *objectively* defined state of actually owning a Rembrandt, and this end cannot be reducible to either of its two *subjectively* defined alternatives. To insist otherwise is to legislate, in most un-Misesian fashion, as to what the *content* of a rational agent's preferences can be.

These considerations show that the felt-uneasiness doctrine, interpreted psychologically, is untenable. But surely the doctrine should not be interpreted psychologically in the first place. Praxeology, Mises insists, has nothing to say about the *content* or *causes* of human desires, so the praxeological claim that all action aims at the removal of felt uneasiness must not be committed to the implausible psychological claims I've been criticizing. And indeed there is a purely *praxeological* interpretation of Mises' claim: namely, that all action involves a preference for a state of affairs different from that which would have obtained in the absence of the action. Interpreted this way, the "uneasiness" that motivates my action is my ranking the way things are now *lower* than the way things would be if I intervened.

Does this mean that action must always aim at *changing* things rather than preserving them? Yes and no. Nozick complains of Mises' "unfortunate tendency to speak as if the outcome of the action is preferred to the current situation (it need not be) rather than to what *would* obtain if the action weren't done."<sup>147</sup> Mises does in fact talk *both* ways; but is this an inconsistency on his part? It depends how one interprets the notion of "the

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<sup>147</sup> "On Austrian Methodology," p. 120.

current situation.” Suppose I act, not in order to change things, but to *keep them from* changing. (I enjoy whistling, so I keep whistling.) Is this a case in which I am dissatisfied with the current situation? If the current situation is understood simply as one in which I am whistling, then indeed I am not dissatisfied with *that*; that is exactly the situation that I am acting to preserve. (Call this the “simple” sense.) But perhaps we should instead understand the “current situation” as a situation in which my whistling is on the verge of ceasing, and *that* is what I am dissatisfied with. (Call this the “sophisticated” sense.) Of course, my whistling is on the verge of ceasing *unless I intervene*; but in deciding whether to intervene I cannot take my intervention for granted, and so am allowed to consider only those features of the situation that will hold if I do *not* act.

Once we interpret “felt uneasiness” as “preference for the state of affairs in which I act over the state of affairs in which I don’t,” then all the above objections to the felt-uneasiness doctrine melt away. My whistling embodies a preference for the state of affairs in which I whistle over the state of affairs in which I don’t; my desire for an apple embodies a preference for the state of affairs in which I eat an apple over the state of affairs in which I don’t; and my purchasing life insurance embodies a preference for the state of affairs that will result, after my death, from my buying life insurance over the state of affairs that will result, after my death, if I do not do so.

Mises’ felt-uneasiness doctrine can thus be defended, *if* we interpret it as Mises, given his theoretical commitments, *ought* to have interpreted it. But Mises seems at least sometimes to have fallen into the trap of thinking of the felt-uneasiness psychologically. The very choice of such a psychologically loaded phrase as “felt uneasiness” indicates this, suggesting as it does a certain *experiential quality* to the agent’s mental state. Further evidence of Mises’ confusion on this issue shows up in his supposedly praxeological argument against the existence of God:

Scholastic philosophers and theologians and likewise Theists and Deists of the Age of Reason conceived an absolute and perfect being, unchangeable, omnipotent, and omniscient, and yet planning and acting, aiming at ends and employing means for the attainment of these ends. But action can only be imputed to a discontented being, and repeated action only to a being who lacks the power to remove his uneasiness once and for all at

one stroke. An acting being is discontented and therefore not almighty. If he were contented, he would not act, and if he were almighty, he would have long since radically removed his discontent. For an all-powerful being there is no pressure to choose between various states of uneasiness; he is not under the necessity of acquiescing in the lesser evil. Omnipotence would mean the power to achieve everything and to enjoy full satisfaction without being restrained by any limitations. But this is incompatible with the very concept of action. For an almighty being the categories of ends and means do not exist. (HA II. 11.)

Natural theology saw the characteristic mark of deity in freedom from the limitations of the human mind and the human will. Deity is omniscient and almighty. But in elaborating these ideas the philosophers failed to see that a concept of deity that implies an acting God, that is, a God behaving in the way man behaves in acting, is self-contradictory. Man acts because he is dissatisfied with the state of affairs as it prevails in the absence of his intervention. Man acts because he lacks the power to render conditions fully satisfactory and must resort to appropriate means in order to render them less unsatisfactory. But for an almighty supreme being there cannot be any dissatisfaction with the prevailing state of affairs. The Almighty does not act, because there is no state of affairs that he cannot render fully satisfactory without any action, i.e., without resorting to any means. For Him there is no such thing as a distinction between ends and means. (UFES Pref. 2.)

This argument makes sense *only* if “uneasiness” and “discontent” are interpreted psychologically. For imagine a God who acts, not to *change* anything, but just to keep some process going because he wishes that it continue. Such a God needn’t feel any *discomfort* with the way things are going; to think otherwise misses the force of the whistling-Ludwig example. Of course Mises might object: if God wants a certain process to continue, he can just will once and for all that it continue, without the need for further intervention from him. But what if the process whose continuation God desires is, or involves, a process of *God’s* doing something? (After all, the whistler’s desire is not simply that whistling occur but that *he* do the whistling.) It is no slight to God’s omnipotence to note that there is at least one sequence of events that God cannot set in motion once and for all without the need of any further action on his part, and that is a

state of affairs in which God continues to act. Even the Almighty cannot dispense with means in achieving his end if using means is *part* of his end.<sup>148</sup>

The notion that enacting a particular means-end scheme can itself in turn become one of our ends is grasped by Rothbard:<sup>149</sup>

It is often charged that any theory grounded on a logical separation of *means* and *ends* is unrealistic because the two are often amalgamated or fused into one. ... The only sense to the charge concerns those cases where certain *objects*, or rather certain *routes of action*, become ends in themselves as well as means to other ends. This, of course, can often happen. ... The critics of praxeology confuse the necessary and eternal separation of ends and means as *categories* with their frequent coincidence in a particular concrete resource or course of action. (*MES* I. B.)

Rothbard is quite right here, except that is not only the “critics of praxeology” that are confused. If Mises had clearly understood this point it would have undermined his argument against theism. Mises supposes that God could never have reason to choose *means* to his ends, since he could achieve his ends at once, by an instantaneous act of will, without resorting to means. But what if one of God’s *ends* is to achieve his other ends *by certain means and not others*? This happens all the time in ordinary life; for example, a virtuous person who desires to obtain more money does not choose theft as a means to that end, because he has a preference for employing moral rather than immoral means of satisfying his other preferences.

Why does Mises miss this point? I think it can only be that he is implicitly thinking of action as a *means* for getting rid of an undesirable mental state (“felt uneasiness”); and

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<sup>148</sup> I assume the traditional Scholastic conception of omnipotence as *not* including the ability to violate the laws of logic. The same applies to omniscience: it is logically impossible to *know* you will do what you have not yet *decided* to do, so a being need not know its own future actions and their consequences in order to count as omniscient. Omniscience is the ability to know whatever it is logically possible to know, just as omnipotence is the ability to do whatever it is logically possible to do. If this seems like a limitation on God’s perfection, recall that for traditional Scholastic theology God is pure Being as such, and so the laws of logic – the laws of being *qua* being – are expressive of God’s inherent nature, rather than being either *constraints* on God (theological reflectionism) or *products* of his legislation (theological impositionism). To paraphrase Hayek: *The divine mind does not so much make rules as consist of rules*. Thus logical necessity is “rail-less” for God, at least. (Wittgenstein’s “rail-less” account of “the hardness of the logical ‘must’” can thus be seen as generalizing the Scholastic view of logical necessity from *God* to *all of us*.)

<sup>149</sup> See also Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1982), p. 22.

of course in that case God would not need to act, because whatever psychological relief he gets from continuing to act he could get instead by simply inducing a feeling a satisfaction in himself directly. Mises' argument for the impossibility of an omnipotent agent depends on a *psychologistic* conception of "felt uneasiness," whereas all he is *entitled* to by the constraints of his own theory is the de-psychologized, praxeological conception thereof.

Mises' confusion on this point seems to be shared by some present-day Misesians. Walter Block, for example, likewise falls into psychologism while trying to defend praxeology against the criticisms of Nozick and Gutiérrez. Nozick objects to "the future orientation of action" on the grounds that "the point of an act may be merely to do it."<sup>150</sup> Likewise, Gutiérrez insists that people "sometimes act not for altering the future but merely for enjoying the present, i.e., the action itself; e.g. in play, and artistic or religious contemplation."<sup>151</sup> (We might also recall Wittgenstein's remarks, in the passages on the wood-sellers, concerning *expressive* actions like coronations and religious rituals; just as the point of whistling is not to produce some further consequence but simply to express a cheerful mood, so the point of a coronation or a religious ritual is to express respect or reverence or what have you, and need have no further goal in view.)

Block's response to these objections is puzzling:

All action aims at rendering conditions at some time in the future more satisfactory for the actor than they would have been without the intervention of the action. ... [This is] a stipulative definition of 'action'. Action is being defined as that which effects [sic] the future, as that which cannot be instantaneously satisfied. If a thing can have instantaneous satisfaction, it cannot be subject to human action. If a goal could be attained instantaneously so that it did not have to wait until the future for satisfaction, there would be no scarcity of the means to effect [sic] it. But economics is the science of *scarce* means. Therefore economics can have no part to play with respect to such an occurrence. ... Prof. Gutiérrez himself, in his "play and artistic or religious contemplation," also conforms to this principle, I dare say. He does alter his own future compared to what it would have been in the absence of such contemplation when he engages in such actions. There are alternatives

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<sup>150</sup> "On Austrian Methodology," p. 120.

<sup>151</sup> Gutiérrez, "Extraordinary Claim," op. cit., p. 321.

foregone [sic] when the act of contemplation is carried out. Suppose that the second best alternative to contemplation in Prof Gutiérrez's eyes was real estate speculation. Then, in engaging in spiritual contemplation, Prof. Gutiérrez is engaged in rendering his future more satisfactory, for he is implicitly valuing a future existence based on present religious contemplation (at least in this case) more highly than a future existence based on present real estate speculation. (Block (1973), p. 381.)

It seems to me that what Block says here involves an unresolved tension between two *different* ways of solving the problem. Recall my distinction, above, between “simple” and “sophisticated” understandings of the notion of a “current situation” – where acting to maintain a situation which otherwise would have ceased counts as *satisfaction* with the current situation, in the *simple* sense, and as *dissatisfaction* with the current situation, in the *sophisticated* sense. This distinction makes possible two different ways of defending the “future orientation” of action. The first way is to understand “future orientation” in the simple sense, so that any activity that is an end in itself rather than a means to a future result does not count as future-oriented, but then to refuse to call such maintenance-activities “actions.” This seems to be Block's strategy in the first half of the cited passage. The second way is to understand “future orientation” in the sophisticated sense, so that an activity that is an end in itself still counts as future-oriented because it embodies a preference for a future in which the action occurs over a future in which it does not. This seems to be Block's strategy in the second half of the passage. I think the second strategy is clearly preferable to the first, since it allows us to extend a praxeological analysis to a greater range of phenomena; but Block does not seem to see the difference between these two solutions.

As further evidence of psychologistic tendencies in Block's approach, notice that in defending praxeology against Nozick's critique, Block feels the need to *contest* Nozick's claim that the objects of our preferences are not always subjective experiential states.<sup>152</sup> In fairness to Block, I should mention that I regard *most* of his rejoinders to the various criticisms offered by Nozick and Gutiérrez as quite successful; I point to these specific lapses only to show the extent to which the psychological and praxeological

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<sup>152</sup> “On Robert Nozick's ‘On Austrian Methodology’,” *Inquiry* 23 (1980), pp. 397-444.

interpretations of the felt-uneasiness doctrine have not been sufficiently disentangled in Austrian thought.

Praxeology has been dismissed as a throwback to dogmatic rationalism, a kind of *economica ordine geometrico demonstrata* in the fashion of Spinoza. I have been arguing that it should instead be seen as an application to economics of the Frege-Wittgenstein critique of psychologism that launched the analytic tradition in philosophy<sup>153</sup> – a reinterpretation that arguably restores praxeology’s legitimate claim to philosophic respectability *without* having to water down the *a priori* character of its principles by turning them into mere methodological postulates. But precisely because praxeology is best understood as a form of anti-psychologism, it is vitally important that its central claims not be misconstrued as contributions to psychological controversy – whether such misconstruals emanate from praxeology’s critics or from the ranks of its very defenders. Praxeology leaves psychology as it finds it.

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<sup>153</sup> And the Continental tradition as well, if one considers Husserl. But judging from their current enthusiasm for polylogism, Continental thinkers have left their anti-psychologistic roots far behind.

## Beyond Subjectivism: Socrates' Praxeological Project

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*For what shall it profit a man, if he shall gain the whole world, and lose his own soul?*

– Mark 8:36

Neither Wittgenstein nor Socrates is generally thought of as having any particular contribution to make to the philosophy of economics. I have argued that there is nevertheless a deep affinity between Wittgenstein's philosophical project and that of Mises, Hayek, and other proponents of the Austrian "praxeological" approach to economic methodology, and that an exploration of this affinity strengthens the case for each project while at the same time showing where the projects need revision. I now wish to establish the same claims for Socrates. My contention is that Socrates' philosophy is itself first and foremost a *praxeology*, one with important connections to the Wittgensteinian and Austrian outlooks.

Since Socrates wrote nothing, our chief sources of information about his views are the philosophical dialogues written by two of his students, Plato and Xenophon.<sup>154</sup> It is a matter of controversy to what extent the character of Socrates who appears in these dialogues is an accurate historical portrait or instead a mere mouthpiece for the author's own views. Aristotle, however, describes for us (at, e.g., *Metaphysics* 987 a-b and *Magna Moralia* 1182 a) what he takes to be the chief differences between the philosophy of Socrates and the philosophy of Plato. Now Aristotle admittedly never knew Socrates; but he studied in Plato's Academy for nearly twenty years, knew Plato well, and knew many people who had known Socrates – so he certainly had access to more evidence than we do. Hence we have good reason to take his testimony seriously. And when we apply what Aristotle tells us to the extant Socratic dialogues, we find that his description of *Socrates'* outlook answers pretty closely to the dialogues of Xenophon and the *early*

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<sup>154</sup> Other students of Socrates wrote dialogues, but with the exception of a few fragments from Aeschines, these have all been lost.

dialogues of Plato, while his description of *Plato's* outlook answers pretty closely to the *later* dialogues of Plato. Hence it is reasonable to infer that the portraits of Socrates that Xenophon and the early (but not the late) Plato offer us are reasonably accurate guides to what the historical Socrates actually thought.<sup>155</sup>

Socrates' approach to philosophical inquiry might initially seem antithetical to that of the thinkers we have been discussing. The Socratic notion that we do not know something unless we are capable of producing an explicit definition of it – “what we know, we must, I suppose, be able to state” (Plato, *Laches* 190 c) – would be anathema both to Wittgenstein and to such Austrian School theorists as Hayek and Polanyi, all of whom lay great stress on our ability to act in accordance with rules which we understand tacitly but cannot articulate. However, the gap between Athens and Vienna is not as great as it might appear. Socrates does not deny the existence of tacit understanding; he simply refuses to call it “knowledge.” (Of course he doesn't call it by *any* English or German word.) There is no point in fighting about terminology. As the geometry example in the *Meno* shows, Socrates certainly thinks that ordinary people possess a great deal of implicit information which they cannot ordinarily articulate, but which it is the task of Socratic questioning to bring to the surface. Now the Viennese response might well be to reject the assumption that all our inarticulate knowledge can be made explicit; Wittgenstein, at least, certainly thinks of our tacit understanding as first and foremost a knowing-how rather than a knowing-that (denies that any amount of knowing-that could ever add up to a knowing-how). But it is not entirely clear that Socrates makes the assumption that Wittgenstein rejects; at any rate, Socrates regularly insists on the fact that wisdom cannot be defined in terms of anything *external* to it.<sup>156</sup>

Another tension between the Wittgensteinian and Socratic approaches concerns Socrates' dismissive approach to common sense. To be sure, Socrates does not criticize it from an *external* standpoint, but rather argues that common sense embodies logical inconsistencies whose resolution must drive us, by the logic of our own premises, to

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<sup>155</sup> Specific sections of the later dialogues – e.g., the first book of the *Republic*, and the “intellectual autobiography” section of the *Phaedo* – are also plausibly thought to be more faithfully Socratic than the entire work in which they are embedded.

<sup>156</sup> This is of course a controversial point of interpretation, which I cannot pause to defend here.

embrace Socratic doctrine. Nevertheless, Wittgenstein would be suspicious of any project that proposed to use philosophy to criticize ordinary practice. For Wittgenstein, philosophical problems arise only when our language becomes disengaged from its ordinary use, and are cured by bringing words back to their ordinary use – so that the problems philosophy can solve are just those that it gave rise to in the first place. This seems to suggest that all philosophical problems are, as it were, iatrogenic:

The confusions which occupy us arise when language is like an engine idling, not when it is doing work. (*PI I*. 132.)

For philosophical problems arise when language goes on holiday. (*PI I*. 38.)

Philosophy may in no way interfere with the actual use of language; it can in the end only describe it. ... It leaves everything as it is. (*PI I*. 124.)

What *we* do is to bring words back from their metaphysical to their everyday use. (*PI I*. 116.)

[T]his makes it appear as though we thought we could improve on ordinary language. But ordinary language is all right. (*BB*, p. 28.)

All propositions of our colloquial language are actually, just as they are, logically completely in order. (*TLP* 5.5563.)

One apparent implication of this view is that no confusion arising in a non-philosophical context can be resolved by philosophy. Now I am not absolutely certain that Wittgenstein intends this implication;<sup>157</sup> but *if* he does, then I think he is importantly mistaken. I incline much more to the Socratic position that our ordinary propositions often conceal deep confusions which it is philosophy's job to point out.

As an example, take a piece of Austrian social analysis: Rothbard's claim that taxation is robbery.<sup>158</sup>

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<sup>157</sup> After all, he does say that "what a mathematician is inclined to say about the objectivity and reality of mathematical facts, is not a philosophy of mathematics, but something for philosophical *treatment*." (*PI I*. 254.) If what the mathematician says is not philosophy, yet calls for philosophical treatment, then is this after all an example of a problem arising in a non-philosophical context yet soluble by philosophy?

<sup>158</sup> This is not intended as a normative claim; Rothbard's identification of taxation as robbery does not depend on "judging the merits or demerits of robbery." (*PM* 120.) Of course Rothbard is morally opposed to robbery, and therefore to taxation, but that is a separate point.

Taxation is a coerced levy that the government extracts from the populace .... It should be understood that, praxeologically, there is no difference between the nature and effects of taxation ... on the one hand, and of robberies ... on the other. Both intervene coercively in the market, to benefit one set of people at the expense of another set. (*PM* 83-84.)

Rothbard's claim conflicts with ordinary practice; and we can imagine a Wittgensteinian objecting that it cannot be right to call taxation an instance of robbery, because people do not *use* the term "robbery" in connection with taxation. But this would, I think, be to confuse *use* with mere *usage*. People may *use* the notions of taxation and robbery in such a way as to *commit* themselves to a conceptual link between them, without necessarily *recognizing* that they are so committed, and so without this commitment affecting their *usage*. (Compare: one player in chess might checkmate another without either party noticing, so that the game would then continue even though, by the rules they intend to follow – and which (since intentions alone aren't enough) they are in fact following *for the most part* – the game should now be over.) Consider how Rothbard *argues* for the claim that taxation is robbery:

Anyone who truly believes in the "voluntary" nature of taxation is invited to refuse to pay taxes and to see what then happens to him. If we analyze taxation, we find that, among all the persons and institutions in society, only the government acquires its revenues through coercive violence. Everyone else in society acquires income either through voluntary gift (lodge, charitable society, chess club) or through the sale of goods and services voluntarily purchased by consumers. If anyone but the government proceeded to "tax," this would clearly be considered coercion and thinly disguised banditry. Yet the mystical trappings of "sovereignty" have so veiled the process that only libertarians are prepared to call taxation what it is: legalized and organized theft on a grand scale. ... At first, of course, it is startling for someone to consider taxation as robbery, and therefore government as a band of robbers. But anyone who persists in thinking of taxation as in some sense a "voluntary" payment can see what happens if he chooses not to pay. ... *How* can you define taxation in a way which makes it different from robbery? (*FNL* 25-26, 51.)

Rothbard's strategy is, in effect, a paradigmatically Socratic one: to exploit an inconsistency in our ordinary beliefs. The average person accepts all three members of the following triad:

- (a) Compelling people by threat of force to surrender their assets is robbery.
- (b) Taxation compels people by threat of force to surrender their assets.
- (c) Taxation is not robbery.

Rothbard is pointing out that the triad is inconsistent. He is also suggesting that the inconsistency can be coherently resolved only by rejecting (c); after all, (a) and (b) seem to be *conceptual* truths while (c) is not. Nothing in the Wittgensteinian insight about the connection between meaning and use rules out this sort of Socratic strategy.

Since our concern is with the relation of Socrates to the philosophy of economics, let us begin with Socrates' examination of economic concepts like *profit*, *wealth*, and *assets*. Like Wittgenstein and the Austrians, Socrates is at pains to point out that one cannot define such concepts in purely physical terms, as a certain quantity of metal disks or the like, but must make reference to the *value* such items have for their possessor, and the *use* she is able to make of them:

SOCRATES: You think, then, it seems, that some profit is good, and some evil. ... So let us assume that some profit is good, and some other profit evil. But the good sort is no more profit than the evil sort, is it? ... Since, therefore, both of these are profits and profit-making affairs, we must now consider what it can be that leads you to call both of them profit: what is it that you see to be the same in both? ... And if again you are yourself unable to answer, just let me put it for your consideration, whether you describe as profit every acquisition that one has acquired either with no expense, or as a profit over and above one's expense.

COMRADE: I believe that is what I call profit.

SOCRATES: Do you include a case where, after enjoying a banquet at which one has had much good cheer without any expense, one acquires an illness?

COMRADE: Upon my word, not I. ...

SOCRATES: Hence profit is not just acquiring any acquisition. ...Do you mean, not if it is evil? Or will one acquire no profit even if one acquires something good?

COMRADE: Apparently one will, if it is good.

SOCRATES: And if it is evil, will not one suffer loss? ... You see, then, how you are running round again to the same old point? Profit is found to

be good, and loss evil. But answer this: If someone acquires more than the amount one has spent, do you call it profit?

COMRADE: I do not mean, when it is evil, but if one gets more gold or silver than one has spent.

SOCRATES: Now, I am just going to ask you about that. Tell me, if one spends half a pound of gold and gets double that weight in silver, has one got profit or loss?

COMRADE: Loss, I presume, Socrates; for one's gold is reduced to twice, instead of twelve times, the value of silver.

SOCRATES: But you see, one has got more; or is double not more than half?

COMRADE: Not in worth, the one being silver and the other gold.

SOCRATES: So profit, it seems, must have this addition of worth. At least, you now say that silver, though more than gold, is not worth as much, and that gold, though less, is of equal worth. ... Then the valuable is what produces profit, whether it be small or great, and the valueless produces no profit. (Plato, *Hipparchus* 230 a-231 e.)

ERYXIAS: My own opinion of wealth is no different from everyone else's: wealth is the possession of a great quantity of assets. ...

SOCRATES: In that case you still need to consider what counts as an "asset" .... Among the Lakedaimonians, iron is treated as currency ... and whoever has a great mass of such iron is considered wealthy. Yet elsewhere such a possession is worthless. In Ethiopia they use engraved stones which a Lakedaimonian would find useless. ... So each of these things evidently cannot be assets, since some people would be no wealthier for possessing them. Yet each of them really is an asset *for some*, and makes those possessors of it wealthy; but for others it is not an asset and makes them no wealthier. ... Why is iron an asset among the Lakedaimonians but not with us? ... Suppose someone had a thousand talents in weight of the stones found in the marketplace. Since we have no use for these stones, would we have any reason to consider him wealthier because he possesses them?

ERYXIAS: No.

SOCRATES: But suppose he had the same weight of lychnite: would we say he was very wealthy?

ERYXIAS: Yes. ...

SOCRATES: So it turns out that what makes something an asset is the fact that it is useful to us, and what is not useful is also not an asset.

(Plato, *Eryxias* 399 e-400 e.)<sup>159</sup>

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<sup>159</sup> The Platonic authorship of the *Eryxias* has been challenged, but on insufficient grounds. D. S. Hutchinson (in John Cooper, ed., *Plato: Complete Works* (Indianapolis: Hackett, 1997), pp. 1718-1719) argues: "The only secure evidence is the gymnasiarch of 399a, holder of an office that took that form at some date between 337 and 318 B.C. The dialogue must be of that date or later," and therefore must be later than Plato's death in 347. Now certainly there were people called "gymnasiarchs" in Athens well before Plato's death. Xenophon, who died before Plato, refers to "those serving as gymnasiarchs in charge of the torch-races" (*qampasi gunnasiarkhoumenoi*) at *Resources of Athens* IV. 52. Still earlier evidence is the

CRITOBULUS: Everything that a man possesses belongs to his property.  
 SOCRATES: But don't some men possess enemies?  
 CRITOBULUS: Yes, by Zeus; quite a few in some cases.  
 SOCRATES: And shall we say that their enemies are among their possessions? ... Because we supposed a man's property to be the same as his possessions.  
 CRITOBULUS: Yes, by Zeus, whatever good thing someone possesses. No, by Zeus, if something is bad I don't call it an asset.  
 SOCRATES: The things that are beneficial to each person you seem to call his possessions.  
 CRITOBULUS: Indeed yes; and what is harmful I regard rather as loss than as assets. ...  
 SOCRATES: So the very same things will be assets for those who know how to use them, but for those who do not know, they will not be assets. For example, flutes are assets for someone who knows well the art of playing the flute; but for someone who does not know, they are no better than worthless stones.  
 CRITOBULUS: Unless he sells them. ...  
 SOCRATES: If he knows what to sell them in exchange for; but if he sells them in exchange for something that he doesn't know how to use, then by this argument the things he sells are not assets.  
 CRITOBULUS: You seem to be saying that even silver isn't an asset if someone doesn't know how to use it.  
 SOCRATES: And it seems to me that you agree to his extent, that assets are what someone can derive benefit from. (Xenophon, *Economicus* I. 5-12.)

Having defined economic phenomena like *wealth* and *profit* in terms of their utility to their possessors, Socrates furthermore argues that this is enough to show that all human beings are motivated to pursue these goals:

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*Constitution of the Athenians* – once ascribed to Xenophon but now recognized to be a product of the *fifth* century BCE – where at I. 13 the “Old Oligarch,” describing Athenian practice, says that “the wealthy serve as gymnasiarchs” (*gumnasiarkhousin hoi plousioi*). What Hutchinson perhaps means, then, is not that the term *gumnasiarkhos* had no legitimate use prior to the late fourth century, but rather that the term is being used at *Eryxias* 399a to designate an office *different* from those for which the term was previously used. But if so, then it is obviously more evident to Hutchinson than it is to me exactly what office is being referred to at 399a; and in any case it is unclear what the evidence is for excluding such an office from the scope of *gumnasiarkhos* during Plato's lifetime. (In any case, even if the *Eryxias* turned out not to be by Plato, then we would assuredly have to assign it to the early Academy, and so once again it would be based on a greater knowledge of Socrates' views than we can hope to possess.)

Now by profit you mean the opposite of loss? ... And is it a good thing for anyone to suffer loss? ... Rather an evil? ... So mankind are harmed by loss. ... Then loss is an evil. ... And profit is the opposite of loss. ... So that profit is a good. ... Hence it is those who love the good that you call lovers of profit. ... But tell me, do you yourself love, or not love, whatever is good? ... And is there anything good that you do not love, or must it then be evil? ... In fact, I expect you love all good things. ... I shall agree with you, for my part, that I love good things. But besides you and me, do you not think that all the rest of mankind love good things, and hate evil things? ... And we admitted that profit is good? ... On this new showing, everyone appears to be a lover of profit. (Plato, *Hipparchus* 226 e-227 c.)

Socrates' praxeological theory, like that of Mises, thus has hermeneutical implications. In order to make sense of other people's actions – in order to *verstehen* them – we must impute praxeological categories. Consider the passage in Plato's *Protagoras* where Socrates attempts to convince Protagoras of the impossibility of being tempted by pleasure into acting against one's better judgment. Socrates first gets Protagoras to agree to use the term "pleasure" in a contentless Misesian way, to mean whatever one holds as good,<sup>160</sup> and then proceeds to show that on this understanding, the purported phenomenon of "being overcome by pleasure" becomes praxeologically unintelligible:

The argument becomes absurd, when you say that it is often the case that a man, knowing the evil to be evil, nevertheless commits it, when he might avoid it, because he is driven and dazed by his pleasures; while on the other hand you say that a man, knowing the good, refuses to do good because of the momentary pleasures by which he is overcome. The absurdity of all this will be manifest if we refrain from using a number of terms at once, such as pleasant, painful, good, and bad; and as there appeared to be two things, let us call them by two names – first, good and evil, and then later on, pleasant and painful. Let us then lay it down as our statement, that a man does evil in spite of knowing the evil of it. Now if someone asks us: Why? we shall answer: Because he is overcome. By what? the questioner will ask us and this time we shall be unable to reply: By pleasure – for this has exchanged its name for "the good." So we must answer only with the words: Because he is overcome. By what? says the questioner. The good – must surely be our reply. Now if our questioner chance to be an arrogant person he will laugh and exclaim: What a ridiculous statement, that a man does evil, knowing it to be an evil (and an unnecessary one) because he is overcome by the good! Is this, he will ask,

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<sup>160</sup> Recall Mises' commitment to a "purely formal view of the character of the basic eudaemonistic concepts of pleasure and pain" which makes "no reference to the content of what is aimed at." (*EPE* IV. 3.)

because the bad outweighs the good, or because it doesn't? Clearly we must reply: Because it does; otherwise he whom we speak of as overcome by pleasures would not have gone wrong. But in what sense, he might ask us, does the bad outweigh the good, or the good the bad? This can only be when the one is greater and the other smaller, or when there are more on the one side and fewer on the other. We shall not find any other reason to give. So it is clear, he will say, that by "being overcome" you mean getting the greater evil in exchange for the lesser good. That must be agreed. Then let us apply the terms "pleasant" and "painful" to these things instead, and say that a man does what we previously called evil, but now call painful, knowing it to be painful, because he is overcome by the pleasant, even though it evidently doesn't outweigh the painful. How can pain outweigh pleasure except in virtue of comparative excess or deficiency? (Plato, *Protagoras* 355 a-356 a.)

It would make no sense to say, "I recognized that one pile contained ten times as much money as the other pile, yet I chose the smaller pile because I found all that money so tempting." Being tempted into choosing X over Y necessarily *implies* imputing more value to X than to Y. The slaves to pleasure in the *Protagoras*, and likewise the lovers of bad profit in the *Hipparchus*, are Socrates' analogue of Wittgenstein's wood-sellers; that is, they are apparent examples of economically irrational behaviour. And in both cases Socrates' solution is to reinterpret the behaviour so that it can be seen as reasonable in the light of the agent's beliefs and desires.

The uses of *verstehen* have their limits, however, and Socrates arguably oversteps them. Consider Socrates' argument for the existence of God:

SOCRATES: Suppose that it is impossible to guess the purpose of one creature's existence, and obvious that another's serves a useful end, which, in your judgment, is the work of chance, and which of design?

ARISTODEMUS: Presumably the creature that serves some useful end is the work of design.

SOCRATES: Do you not think then that he who created man from the beginning had some useful end in view when he endowed him with his several senses, giving eyes to see visible objects, ears to hear sounds? Would odours again be of any use to us had we not been endowed with nostrils? ... Are there not other contrivances that look like the results of forethought? Thus the eyeballs, being weak, are set behind eyelids, that open like doors when we want to see, and close when we sleep. ... With such signs of forethought in these arrangements, can you doubt whether they are the works of chance or design? ... And do you suppose that wisdom is nowhere else to be found, although you know that you have a

mere speck of all the earth in your body and a mere drop of all the water, and that of all the other mighty elements you received, I suppose, just a scrap towards the fashioning of your body? But as for mind, which alone, it seems, is without mass, do you think that you snapped it up by a lucky accident, and that the orderly ranks of all these huge masses, infinite in number, are due, forsooth, to a sort of absurdity?

ARISTODEMUS: Yes; for I don't see the master hand, whereas I see the makers of things in this world.

SOCRATES: Neither do you see your own soul, which has the mastery of the body; so that, as far as that goes, you may say that you do nothing by design, but everything by chance. ... Be well assured, my good friend, that the mind within you directs your body according to its will; and equally you must think that Thought indwelling in the Universe disposes all things according to its pleasure. (Xenophon, *Recollections of Socrates* 1.4.4-17.)

Socrates is here applying praxeological categories to the natural world; he interprets physical phenomena as *actions* and then infers that they are directed toward ends. Just as we've seen that Hayek and Wittgenstein talk of imputing friendliness or anger or sorrow to a person's feature, so Socrates looks at the features of the cosmos and sees – a friendly face. But Socrates' thymological argument for theism is no more successful than Mises' praxeological argument against it. As Hayek reminds us:

Although there was a time when men believed that even language and morals had been 'invented' by some genius of the past, everybody recognizes now that they are the outcome of a process of evolution whose results nobody foresaw or designed. But in other fields many people .... cannot conceive of an order that is not deliberately made .... (LLL I. 2.)

Socrates seems to be one of those people. In the "intellectual autobiography" section of the *Phaedo*, Plato has him say:

One day I heard a man reading from a book, as he said, by Anaxagoras, that it is Mind that arranges and causes all things. I was pleased with this theory of cause, and it seemed to me to be somehow right that Mind should be the cause of all things, and I thought, "If this is so, then Mind in arranging things arranges everything and establishes each thing as it is best for it to be. So if anyone wishes to find the cause of the generation or destruction or existence of a particular thing, he must find out what sort of existence, or passive state of any kind, or activity is best for it. And therefore in respect to that particular thing, and other things too, a man need examine nothing but what is best and most excellent; for then he will necessarily know also what is inferior, since the science of both is the

same. As I considered these things I was delighted to think that I had found in Anaxagoras a teacher of the cause of things quite to my mind, and I thought he would tell me whether the earth is flat or round, and when he had told me that, would go on to explain the cause and the necessity of it, and would tell me the nature of the best and why it is best for the earth to be as it is. ... So I thought when he assigned the cause of each thing and of all things in common he would go on and explain what is best for each and what is good for all in common. ... But as I went on with my reading I saw that the man made no use of Mind, and did not assign any real causes for the ordering of things, but mentioned as causes air and ether and water and many other absurdities. And it seemed to me it was very much as if one should say "Socrates' actions are due to his mind," and then, in trying to give the causes of the particular thing I do, should say first that I am now sitting here because my body is composed of bones and sinews, and ... as the bones are hung loose in their ligaments, the sinews, by relaxing and contracting, make me able to bend my limbs now, and that is the cause of my sitting here with my legs bent. Or as if in the same way he should give voice and air and hearing and countless other things of the sort as causes for our talking with each other, and should fail to mention the real causes, which are, that the Athenians decided that it was best to condemn me, and therefore I have decided that it was best for me to sit here and that it is right for me to stay and undergo whatever penalty they order. For, by the Dog, I fancy these bones and sinews of mine would have been in Megara or Boeotia long ago, carried thither by an opinion of what was best, if I did not think it was better and nobler to endure any penalty the city may inflict rather than to escape and run away. But it is most absurd to call things of that sort causes. If anyone were to say that I could not have done what I thought proper if I had not bones and sinews and other things that I have, he would be right. But to say that those things are the cause of my doing what I do, and that I act with my mind but not from the choice of what is best, would be an extremely careless way of talking. Whoever talks in that way is unable to make a distinction and to see that in reality a cause is one thing and the necessary conditions for its causal operation are quite another thing. And so it seems to me that most people, when they give the name of cause to the latter, are groping in the dark, as it were, and are giving it a name that does not belong to it. (Plato, *Phaedo* 97 b-99 b.)

Socrates expresses an admirably Austrian insistence on not accepting a mechanistic causal explanation of human actions and decisions. But he goes wrong in thinking that nothing can count as an explanation of anything unless it invokes purpose and intention. Hayek rightly observes:

[W]e can understand and explain human action in a way we cannot with physical phenomena, and ... consequently the term *explain* tends to remain charged with a meaning not applicable to physical phenomena. The actions of other men were probably the first experiences which made man ask the question why, and it took him a long time to learn, and he has not yet fully learned, that with events other than human actions he could not expect the same kind of “explanation” as he can hope to obtain in the case of human behavior. (CRS I. 2.)

But this only shows what we already knew – that the thymological *application* of praxeological principles is fallible. It is one thing to say that all action aims at some good, and another thing entirely to identify *which are the actions*.

All human action is driven, according to Socrates, by agents’ beliefs about what is good. But how are we to conceive of these “goods” that all human beings necessarily pursue? Is Socrates conceiving of economic value in *subjective* or *objective* terms? Well, it depends. Socrates, like Mises, accepts value-subjectivism in the following two senses: first, he thinks actions must be explained in terms of the beliefs and desires of the agents themselves; and second, he thinks that agents can be described as mistaken only in their choice of means, not in their choice of ultimate ends. As Mises writes:

Error, inefficiency, and failure must not be confused with irrationality. ... The doctor who chooses the wrong method to treat a patient is not irrational; he may be an incompetent physician. The farmer who in earlier ages tried to increase his crop by resorting to magic rites acted no less rationally than the modern farmer who applies more fertilizer. He did what according to his – erroneous – opinion was appropriate to his purpose. (TH III. 12. 1.)

Socrates likewise employs the example of mistakes in farming to show that the farmer who farms badly is no less rational than anybody else, but simply has false beliefs:

SOCRATES: What is love of profit? What can it be, and who are the lovers of profit?

COMRADE: In my opinion, they are those who think it worthwhile to make profit out of things of no worth.

SOCRATES: Is it your opinion that they know those things to be of no worth, or do not know? For if they do not know, you mean that the lovers of profit are fools.

COMRADE: No, I do not mean they are fools, but rascals who wickedly yield to profit, because they know that the things out of which they dare to

make their profit are worthless, and yet they dare to be lovers of profit from mere shamelessness.

SOCRATES: Well now, do you mean by the lover of profit such a man, for instance, as a farmer who plants something which he knows is a worthless herb, and thinks fit to make profit out of it when he has reared it up? Is that the sort of man you mean? Do you not admit that the lover of profit has knowledge of the worth of the thing from which he thinks it worthwhile to make profit? ... Do you suppose that any man who was taking up farming and who knew it was a worthless plant that he was planting, could think to make profit from it? ... Or again, take a horseman who knows that he is providing worthless food for his horse; do you suppose he is unaware that he is destroying his horse? ... So he does not think to make profit from that worthless food. ... Or again, take a navigator who has furnished his ship with worthless spars and ropes; do you think he is unaware that he will suffer for it, and will be in danger of being lost himself, and of losing the ship and all her cargo? ... So he does not think to make profit from that worthless tackle. ... But does a general, who knows that his army has worthless arms, think to make profit, or think it worth while to make profit, from them? ... Or does a flute-player who has worthless flutes, or a harper with a lyre, a bowman with a bow, or anyone else at all, in short, among ordinary craftsmen or sensible men in general, with any implement or other equipment of any sort that is worthless, think to make profit from it? ... Then whoever can they be, your lovers of profit? For I presume they are not the people whom we have successively mentioned, but people who know their worthless things, and yet think they are to make profit from them. But in that case, by what you say, remarkable sir, no man alive is a lover of profit

COMRADE: Well, Socrates I should like to call those lovers of profit who from insatiable greed consumedly long for things that are even quite petty and of little or no worth, and so love profit, in each case.

SOCRATES: Not knowing, of course, my excellent friend, that the things are worthless; for we have already convinced ourselves by our argument that this is impossible. ... And if not knowing this, clearly they are ignorant of it, but think that those worthless things are worth a great deal.

(Plato, *Hipparchus* 225 a-226 e.)

But as these passages suggest, there is another sense in which Socrates is not a subjectivist about value at all. First, among the mistakes of knowledge that Socrates recognizes are not only mistakes about *instrumental* means but mistakes about *constitutive* means; we can be wrong not only about what will *cause* us to achieve a certain goal but about what will *count* as achieving the goal. This may be a departure from Mises; but as my earlier example of the Rembrandt forgery shows, it is a point that can Mises can (and should) accommodate, and doing so would not cause any great

revision in his theory. But, second, Socrates also thinks that a mistaken belief about what is *good* counts as a mistake about constitutive means. If I want to own a Rembrandt because I think owning a Rembrandt is *good*, then if in fact owning a Rembrandt *isn't* good, it follows that I have chosen the wrong constitutive means (owning a Rembrandt) to my end (doing what is good).

It is for the sake of the good that we walk, when we walk, conceiving it to be better; or on the contrary, stand, when we stand, for the sake of the same thing, the good: is it not so? ... And so we put a man to death, if we do put him to death, or expel him or deprive him of his property, because we think it better for us to do this than not. ... So it is for the sake of the good that the doers of all these things do them. ... And we have agreed that when we do things for the sake of some end, what we want is not those things, but the end for which we do them? ... Then we do not want to slaughter people or expel them from our cities or deprive them of their property as an act in itself, but if these things are beneficial we want to do them, while if they are harmful, we do not want them. For we want what is good ... and not what is bad. ... Then, as we agree on this, if a man puts anyone to death or expels him from a city or deprives him of his property, whether he does it as a despot or an orator, because he thinks it better for himself though it is really worse, that man, I take it, does what he sees fit, does he not? ... But is it also what he wants, given that it is actually bad? (*Gorgias* 468 b-d.)

In other words: whatever I pursue, I pursue only because I believe that it is good; but if in fact the object of my pursuit it is not really good, then in achieving *that* object, I have not really attained the object of my ultimate desire.

Now Mises can freely grant the possibility of making mistakes about whether something is *instrumentally* good, but Socrates clearly intends what he says to apply to *ultimate* goods as well:

Don't we have to arrive at some starting-point which will no longer bring us back to another beloved thing, something that goes back to the First Beloved, something for the sake of which we say that all the other things are beloved too? ... Not that we don't often talk about how much we value gold and silver; but that's not so and gets us no closer to the truth, which is that we value above all else that for the sake of which gold and all other provisions are provided, whatever it may turn out to be. ... When we talk about all the things that are beloved by us for the sake of a further beloved thing ... what is truly beloved is surely the point at which this chain of so-called lovings comes to an end. (Plato, *Lysis* 219c-e.)

The First Beloved, the terminus of all our means-end schemes, is simply goodness itself. (This should not, however, be interpreted as some sort of metaphysical *thing*, as Plato later seems to take it in the *Republic*. It is simply a property that all our desires track, because that is what desiring *is*.)

For Mises, the notion of being mistaken about what is ultimately good is incoherent:

[P]raxeology and economics do not tell a man whether he should preserve or abandon life. Life itself and all the unknown forces that originate it and keep it burning are an ultimate given, and as such beyond the pale of human science.<sup>161</sup> (*HA XXXIX. 1.*)

Choosing means is a technical problem, as it were .... Choosing ultimate ends is a personal, subjective, individual affair. Choosing means is a matter of reason, choosing ultimate ends a matter of soul and the will. (*TH* Intr. 7.)

Propositions asserting existence ... or nonexistence ... are descriptive. They assert something about the state of the whole universe. With regard to them questions of truth and falsity are significant. ... Judgments of value are voluntaristic. They express feelings, tastes, or preferences of the individual who utters them. With regard to them there cannot be any question of truth or falsity. They are ultimate and not subject to any proof or evidence. ... What the theorem of the subjectivity of valuation means is that there is no standard available which would enable us to reject any ultimate judgment of value as wrong, false, or erroneous .... (*TH I. 1. 1-7.*)

In short, Mises apparently thinks that *economic* subjectivism entails *ethical* subjectivism. From the fact that in explaining an agent's behaviour we cannot legitimately appeal to any values other than her own, Mises draws the conclusion that ultimate values themselves cannot be assessed for correctness or incorrectness. Statements of fact are testable; statements of value are not.

Yet anyone who thinks normative statements are not subject to empirical test needs to think harder. Consider the statement "Eating meat is immoral, and Eric always acts

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<sup>161</sup> Contrast Rothbard: "Now *any* person participating in any sort of discussion, including one on values, is, by virtue of so participating, alive and affirming life. For if he were *really* opposed to life he would have no business continuing to be alive. Hence, the *supposed* opponent of life is really affirming it in the very process of discussion, and hence the preservation and furtherance of one's life takes on the stature of an incontestable axiom." (*EL*, p. 45.)

morally.” Clearly this statement is normative, since it is a conjunction of two uncontroversially normative statements. Clearly the statement is also empirically falsifiable, since it entails the uncontroversially falsifiable conclusion “Eric never eats meat.” The fact-value gap is logically untenable.

It is ironic that *Theory and History*, the work in which Mises’ insistence on the fact-value gap is most forcefully stated and elaborated, is supposed to be Mises’ great broadside against positivism; for of course it is precisely this insistence on the fact-value gap that gives the book so thoroughly positivist a flavour to the modern-day reader. Other Austrians have not followed Mises here; Hayek and Rothbard, for example, have each defended (quite dissimilar) non-subjectivist ethical theories, while Hoppe, far from regarding praxeology as an impediment to ethical objectivism, has developed a discourse ethic (in the tradition of Apel and Habermas) grounded in praxeology itself.<sup>162</sup> Mises’ admirers are right not to follow him here, for the same anti-psychologistic considerations that inform Mises’ project in the first place actually militate against Mises’ understanding of the status of value judgments.

Just as – to recall Frege’s terminology – the psychologist confuses laws of *being true* with laws of *holding as true*, so Mises confuses laws of *being good* with laws of *holding as good*. He writes, for example, that “[a]ll judgments of value are personal and subjective. There are no judgments of value other than those asserting *I prefer*, *I like better*, *I wish*.” (TH I. 1. 3.) In other words, for Mises “X is good” means no more than “I hold X as good”; this is plainly a *psychologistic* theory of ethics.

Such a theory introduces an odd circularity into our judgments of value; for the term “good” shows up in the *analysans* as well as in the *analysandum*. If “good” means “held-by-me-to-be-good,” then the latter term can legitimately be substituted for any occurrence of the word “good,” *including occurrences within itself* – yielding the result that “good” means “held-by-me-to-be-held-by-me-to-be-good.” And of course such substitution may be iterated indefinitely. At this point we begin to lose our bearings.

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<sup>162</sup> Other attempts to develop an objective ethics based on specifically Austrian foundations include Roderick M. Chisholm, “Brentano on Preference, Desire and Intrinsic Value,” in Wolfgang Grassl and Barry Smith, eds., *Austrian Economics: Historical and Philosophical Background* (London: Croom Helm, 1986), pp. 182-195; Jeremy Shearmur, “Subjectivism, Explanation and the Austrian Tradition,” *op. cit.*; and, somewhat differently, Shearmur, *Hayek and After: Hayekian Liberalism as a Research Programme* (London: Routledge, 1996), ch. 6.

A psychologistic theory of value also prevents judgments of value from playing their customary logical role in inference. Consider the following Rothbardian syllogism:

1. Robbery is wrong.
2. Taxation is robbery.
3. Therefore: taxation is wrong.

One may agree or disagree with the premises, but there can surely be no doubt that the argument is *logically valid*. That is, *given* the truth of the premises, the truth of the conclusion necessarily follows. But consider what becomes of this syllogism once we interpret moral judgments as statements about the speaker's likes and dislikes, and translate accordingly:

1. I disapprove of robbery.
2. Taxation is robbery.
3. Therefore: I disapprove of taxation.

The result is that we have transformed a *logically valid* argument into a *logically invalid* one, because we have changed the subject; the first premise is no longer a statement about robbery, but now merely a statement about my subjective attitudes. Even if taxation *is* robbery,<sup>163</sup> from that fact plus the fact that I disapprove of robbery, nothing *follows* about whether I likewise disapprove of taxation. What my attitudes of approval and disapproval are is an empirical, psychological matter.

Nor will it help to adopt the emotivist line that value judgments, rather than being statements *about* our preferences, are merely *expressions* of those preferences and lack propositional content, like such interjections as “hurray,” “boo,” and “yuck.” For if value judgments lack propositional content entirely, it becomes even more mysterious how they can play a role in logical inferences. For translating the taxation example into emotivist language does not yield a logically valid argument either:

1. Robbery, yuck.
2. Taxation is robbery.
3. Therefore: taxation, yuck.

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<sup>163</sup> Recall that we are taking the term “robbery” to be purely descriptive, not evaluative.

“Taxation, yuck” does *not* follow from these premises, because *nothing* follows from a premise like “Robbery, yuck” – since it does not *assert* anything.<sup>164</sup> (It has no location in logical space.)

Mises’ position thus renders *moral disagreement* impossible as well. As Frege explains:

[I]f something were true only for him who held it to be true, there would be no contradiction between the opinions of different people. ... [T]wo people would never attach the same thought to the same sentence, but each would have his own thought; and if, say, one person put  $2 \cdot 2 = 4$  forward as true whilst another denied it, there would be no contradiction, because what was asserted by one would be different from what was rejected by the other. It would be quite impossible for the assertions of different people to contradict one another, for a contradiction occurs only when it is the very same thought that one person is asserting to be true and another to be false. (L 144-145.)

Frege directs this argument against psychologistic theories of truth, but it seems to succeed just as well against psychologistic theories of value.<sup>165</sup> If when I say “X is good” I mean “I like X” or “hurray for X,” and when you say “X is bad” you mean “I dislike X” or “X, yuck,” then what I say *does not contradict* what you say. Once again, ethical subjectivism strips moral terms of their ability to play the logical role that they actually do play in our ordinary practice. If we meant by our moral terms what Mises says we mean by them, we would not be able to say with those terms what we do say with them.

Socrates fully accepts the Misesian point that all action is driven by the agent’s own judgments of value. If that is economic subjectivism, then Socrates is an economic subjectivist. But in that case, Socrates’ view is that *economic subjectivism entails ethical*

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<sup>164</sup> The only way that “Robbery, yuck” could enter into the requisite logical relations is if we were to *reinterpret* it as meaning “Robbery is wrong” – thus sending the reduction in the opposite direction. To use Mises’ own words against him: “Whenever man is faced with the necessity of choosing between two things or states, his decision is a judgment of value no matter whether or not it is uttered in the grammatical form commonly employed in expressing such judgments.” (TH I. 1. 4.)

<sup>165</sup> Frege may not have recognized this implication of his own position, since he writes, in a rather Misesian vein: “What is beautiful for one person is not necessarily beautiful for another. There is no disputing tastes. Where truth is concerned, there is the possibility of error, but not where beauty is concerned. By the very fact that I consider something beautiful it is beautiful for me.” (L 143.) Whether Frege would affirm the subjectivity of *moral* as well as *aesthetic* value is unclear. (Socrates, of course, takes *both* to be objective.)

*objectivism*. For once we combine the Socrates-Mises point that all action is driven by value judgments with the Socrates-Frege point that the logical form of value judgments requires that they be objective, then the conclusion follows that we cannot act without committing ourselves to the existence of objective value. Ethical subjectivism is not merely indefensible; it is *praxeologically* indefensible.

Far from being blind urges without cognitive content, then, the values that impel our actions are *propositional beliefs* that *represent* certain states of affairs as having the property of goodness. Like any other beliefs, then, they are open to revision through criticism. As Shearmur notes:

[T]here is a marked predisposition on the part of many economists to treat individuals' preferences as matters of sheer brute fact, rather than, say, as opinions that people have only because they believe it to be correct for them to hold such views, and which they hold only insofar as they are able to defend them on the basis of what they believe to be the appropriate criteria.<sup>166</sup>

This is precisely the Socratic position – as it is the position of the entire tradition of classical ethics that Socrates inspired, from Aristotle through the Stoics to Aquinas – and it is grounded in an understanding of the logical structure of action itself. For the Socratic tradition, an objective ethics is founded on praxeology.<sup>167</sup>

Socrates' famous doctrine that all wrongdoing is “involuntary” and the result of “ignorance” can now be appreciated in its proper praxeological context. Since to desire something just is to see it as good, we have no choice about whether we desire the good; in that sense, ultimate ends are indeed beyond rational appraisal. But all the ends that *Mises* regards as “ultimate” now turn out to be merely constitutive means towards achieving what is good; and that implies that any failure to do good will simply be a

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<sup>166</sup> Shearmur, “Subjectivism, Explanation and the Austrian Tradition,” *op. cit.*, p. 109.

<sup>167</sup> One advantage that the Socratic attempt to ground ethics in praxeology has over Hoppe's similar project is that the Socratics, unlike Hoppe, do not try to derive a theory of *rights* and *justice* in isolation from any broader theory of *morality as such*. (This criticism does not apply to Rothbard; see *EL*.) How, after all, can the question of when and how to use force against other people be divorced from all considerations of how we should act in general? For the Socratic tradition one cannot specify the content of *any* virtue without taking into account its conceptual connections to all the other virtues.

technical error – a mistake about means, not ends. Contrasting Mises with Benedetto Croce, Kirzner writes:

Both writers ... recognize that a chosen program may fail to be adhered to either because of a technical error (an error of knowledge) or because of the choice of a new program of ends with respect to which action will be “rational.” Where the two writers disagree is that the discarding of a chosen program in favor of one chosen in response to a “temptation of the moment” is, for Croce, itself a special kind of error – an economic error, an error of will. For Mises, there is room for only one kind of error, an error of knowledge .... The conscious abandonment of a chosen program under the influence of a fleeting temptation is considered “positively” as merely the adoption of a new set of ends instead of the old, and that is all.<sup>168</sup>

Socrates’ position is different from either. Socrates agrees with Croce against Mises that yielding to a fleeting temptation *is* an error; but he agrees with Mises against Croce that all errors are errors of knowledge. Hence giving into temptation is itself an error of knowledge, not of will; all wrongdoing is based on false beliefs about objective value. Apart from errors of knowledge, there is no erroneous practical reasoning.

Socrates’ account, as I’ve presented it, might seem to entail two unpalatable positions: *intellectualism* and *psychological determinism*. In fact it entails neither.<sup>169</sup> By “intellectualism” I mean the view that intellectual knowledge alone is sufficient to motivate us to act rightly, and that appetites, emotions, and habits play no role. This is by no means Socrates’ position; rather, Socrates stresses that it is precisely through *altering* (rather than bypassing) our cognitive judgments that factors like appetites, emotions, and habits play the role that they do. This is especially clear in the Socratic writings of Xenophon:<sup>170</sup>

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<sup>168</sup> Kirzner, *Economic Point of View*, op. cit., p. 214n.

<sup>169</sup> For a fuller exploration of the issues discussed below, see my “Passionate Amnesia,” op. cit.

<sup>170</sup> The greater popularity of Plato’s dialogues over those of Xenophon may help to explain why so many readers (beginning with Aristotle himself; see, e.g., *Magna Moralia* 1182 a 15-25) have wrongly accused Socrates of intellectualism. Plato’s account does not, as I read it, commit Socrates to intellectualism at all; but intellectualism is less clearly *denied* in Plato than in Xenophon.

Do you think anyone free, then, who is ruled by bodily pleasures and on account of them is unable to do what is best? ... And isn't it obvious to you that incontinence shuts wisdom, the greatest good, out of men and hurls them into the opposite? And don't you see that it prevents them from attending to beneficial things and grasping them, by drawing them away toward pleasant things, and frequently stuns them into choosing the worse instead of the better? (Xenophon, *Recollections* IV. 5. 3-6.)

Many supposed philosophers would say that the just person could never become unjust, nor the wise person unbridled; nor could anybody who had learned something learnable ever become ignorant. But I think differently .... For I see that just as poems in metre, if not practiced, are forgotten, so too instructive speeches leave the minds of those who neglect them. Now whenever someone forgets words of advice, he also forgets the experiences that gave the soul an appetite for temperance; and when these are forgotten, it is no wonder that temperance is forgotten as well. ... For in the selfsame body, together with the soul, are planted the pleasures that persuade it into intemperance. (Xenophon, *Recollections* I. 2. 19-23; cf. *Cyropaedia* III. 3. 50-5.)

Our passions, if not properly trained through practice and discipline, can thus prevent us from *attending* to our ethical knowledge, and so lead us to *forget* it; *shutting out* wisdom and *stunning* our capacity for judgment, they *persuade* us into wrongdoing by inducing temporary *ignorance* in us. There is no commitment to intellectualism here.

Nor does Socrates' position entail psychological determinism. *He* seems to have thought it did; but if so, then he was mistaken about the implications of his own view. Socrates does say that all wrongdoing is based on false belief; one might suppose that this gets everyone off the hook, since it is not our fault that we have false beliefs. But false beliefs can coexist with true beliefs and even with knowledge. Recall our earlier discussion of Popper's frantic motorists who seem to be acting against their better judgment, and the Aristotelean solution of distinguishing between judgments that are embodied in one's action and judgments that are not. As we saw, the Rationality Principle requires, not that agents act in a manner appropriate to their situation in *all* the ways they see it, or in the *most justified* of the ways they see it, but only that they act in a manner appropriate to their situation in the way of seeing it that is *constitutive* of their action. This shows that I can act on a false belief that X is good, even if I possess a more justified belief that X is bad; and so my action is not the result of the sort of ignorance

that excuses. In choosing the action, we choose the constituent value judgment embodied in that action. As Michael O'Brien writes:

Those who find determinism in Platonic ethics note the fact that what we choose is always what we think right, and that this knowledge or opinion is influenced by our heredity and environment. But what we think right is also what we choose to think right. A right practical judgment cannot be reached without attention to its premises, and this attention can be given or withheld. To reply that the allotment of attention is itself a decision based on previous knowledge is to embark on an apparently infinite regress. Which ultimately determines the other, choice or knowledge? The question, I believe, is meaningless. There is no order of primacy between the two functions, because in the concrete they are identical. To choose is to judge an act as the best alternative among those within one's power. Any act is a conclusion reached from known premises; any practical judgment is a choice imputable to the agent.<sup>171</sup>

Free will, too, is rail-less.

Aristotle's distinction shows us how the praxeological claim that *choosing X involves thinking X good* can be perfectly compatible with the common-sense claim that *one can choose X while thinking X evil*. While Socrates prefers the praxeological formulation to the common-sense one, he is certainly not unaware of the possibility of conflicting value judgments, and indeed he regards it as a shameful and intolerable position to find oneself in:

If you leave this unrefuted, then by the Dog, the god of the Egyptians, Callicles will not agree with you, Callicles, but will be dissonant with you all your life long. And yet for my part, my good man, I think it is better to have my lyre or a chorus that I lead be out of tune and dissonant, and have the vast majority of men disagree with me and contradict me, than to be out of harmony with myself, to contradict myself, though I'm only one person. (Plato, *Gorgias* 482 b-c.)

Socrates may not call either synchronic or diachronic inconsistency *irrational*, but clearly he would say of Rousseau's bed-seller and of Abraham that they are in some sort of cognitive trouble.

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<sup>171</sup> Michael J. O'Brien, *The Socratic Paradoxes and the Greek Mind* (Chapel Hill: University of North Carolina Press, 1967), p. 213; cf. Robert Nozick: "The free decision is reflexive; it holds in virtue of weights bestowed by its holding. An explanation of why the act was chosen will have to refer to its being chosen." (*Philosophical Explanations* (Cambridge: Harvard University Press, 1981, p. 305.)

We've seen that for Socrates our preferences embody judgments about value, so that in acting on those preferences we are committed to asserting the truth of the constituent judgments. To criticize a preference, then, is to criticize the embedded judgment. But what counts as successful criticism? How are we to determine what is objectively valuable and what is not?

Since ethics, for Socrates, is founded on praxeology, it is no surprise that he regards value judgments as *a priori* rather than empirical. Indeed, he argues that disputes over value cannot be resolved empirically:

What are the subjects of difference that cause hatred and anger? If you and I were to differ about numbers as to which is the greater, would this make us enemies and angry with each other, or would we proceed to count and soon resolve our difference about this? ... Again, if we differed about the larger and the smaller, we would turn to measurement and soon cease to differ. ... And about the heavier and the lighter, we would resort to weighing and be reconciled. ... What subject of difference would make us angry and hostile to each other if we were unable to come to a decision? Perhaps you do not have an answer ready, but examine as I tell you whether these subjects are the just and the unjust, the beautiful and the ugly, the good and the bad. Are these not the subjects of difference about which, when we are unable to come to a satisfactory decision, you and I and other men become hostile to each other whenever we do? (Plato, *Euthyphro* 7 b-d.)

And, in a dialogue of unknown authorship, but dating from the early days of Plato's Academy, Socrates tells us that the instrument for deciding disputes over value is language:

SOCRATES: Whenever we disagree about what's larger and what's smaller, who are the ones who decide between us? Aren't they the ones who measure? ... And whenever we disagree about number, about many and few, who are the ones who decide? Aren't they the ones who count? ... Whenever we disagree with each other about what's just and what's unjust, to whom do we go? Who are those who decide between us in each case? Tell me.

CLINIAS: Are you talking about judges, Socrates?

SOCRATES: Well done! Now go on and try to tell me this: What are the measurers doing when they decide about what's large and what's small? They're measuring, aren't they? ... And when the weighers decide about what's heavy and what's light, aren't they weighing? ... And when the counters decide about many and few, they're counting, aren't they? ...

And when the judges decide about what's just and unjust, what are they doing? ... Is it by speaking that they decide between us, whenever the judges decide about what's just and what's unjust? ... Speech, as it seems, decides what's just and what's unjust. ... What could the just and unjust possibly be? Suppose someone asked us: "Since a measuring-stick, skill in measuring, and a measurer decide what's larger and what's smaller, what are 'larger' and 'smaller'?" We might tell him that "larger" is what exceeds and "smaller" is what is exceeded. Or: "Since a scale, skill in weighing, and a weigher decide what's heavy and what's light, what are 'heavy' and 'light'?" We might tell him that "heavy" is what sinks down in the balance, and "light" is what rises up. In this way, then, if someone should ask us: "Since speech, skill in judging, and a judge decide what's just and unjust for us, what could 'just' and 'unjust' possibly be?" How can we answer him? Are we still unable to tell him? (Pseudo-Plato [?], *On Justice* 373 a-e.)

As I have written elsewhere:

Socrates distinguishes moral disputes from disputes that can be resolved through empirical investigation – through counting, measuring, weighing, and the like. In the latter cases, there is an empirical procedure available for resolving the dispute. In ethical matters, apparently, this is not so. This seems to indicate that Socrates thinks ethical truths can be known only *a priori*. ... Certainly in his own practice of inquiry Socrates never seems to recommend empirical investigation as a path to the truth. ... The suggestion here is that *speech* or *language* is the standard for reaching the truth about ethical matters, just as measuring-sticks and scales are the standards for reaching the truth about length and weight respectively. The solution to empirical disputes lies in external observation and investigation; but the solution to moral disputes lies within language itself.<sup>172</sup>

Socrates' approach to seeking ethical truth, then, is to trace *conceptual connections* among our evaluative concepts, to see what judgments they commit us to. In basing his theory of value on conceptual analysis, Socrates is – to put the point somewhat anachronistically – trying to do for the concept of the *good* what Kant did for the concept of the *right*. The following passage illustrates Socrates' method:

SOCRATES: I think, indeed, that you and I and the rest of the world believe that doing wrong is worse than suffering it, and escaping punishment worse than incurring it.

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<sup>172</sup> Roderick T. Long, "Socrates on Reference," unpublished.

POLUS: And I, that neither I nor anyone else in the world believes it. ...

SOCRATES: Which of the two seems to you, Polus, to be the worse – doing wrong or suffering it?

POLUS: Suffering it, I say.

SOCRATES: Now again, which is more shameful – doing wrong or suffering it? Answer.

POLUS: Doing it.

SOCRATES: And if it's more shameful, isn't it also worse?

POLUS: Not at all.

SOCRATES: I see: you hold, apparently, that admirable and good are not the same, nor are shameful and bad.

POLUS: That's right.

SOCRATES: But what of this? All admirable things, like bodies and colors and figures and sounds and observances – is it according to no standard that you call these fair in each case? Thus in the first place, when you say that admirable bodies are admirable, it must be either in view of their use for some particular purpose that each may serve, or in respect of some pleasure arising when, in the act of beholding them, they cause delight to the beholder. Have you any description to give beyond this ...?

POLUS: No, I do not. ... Your definition of admirable in terms of the pleasant and the good is an admirable one. ...

SOCRATES: Thus when of two admirable things one is more admirable, the cause is that it surpasses in either one or both of these effects, either in pleasure, or in benefit, or in both. ... And when of two shameful things one is more shameful, this will be due to an excess either of the painful or of the bad: must not that be so?

POLUS: Yes.

SOCRATES: Come then, what was it we heard just now about doing and suffering wrong? Were you not saying that suffering wrong is more evil, but doing it fouler? ... Well now, if doing wrong is more shameful than suffering it, this must be because it of an excess of the painful or the bad or both; must not this also be the case? ... Then let us first consider if doing wrong exceeds suffering it in point of pain – if those who do wrong are more pained than those who suffer it.

POLUS: Not so at all, Socrates.

SOCRATES: Then it does not surpass in pain. ... And so, if not in pain, it can no longer be said to exceed in both. ... It remains, then, that it exceeds in the other. ... Then it is by an excess of the bad that doing wrong is more shameful than suffering it.

POLUS: Yes, evidently.

SOCRATES: Now it is surely admitted by the mass of mankind, as it was too by you in our talk a while ago, that doing wrong is more shameful than suffering it. ... And now it has been found to be worse. ... Then would you rather have what's bad and shameful when it is more than when it is less? ... And would anybody else in the world?

POLUS: I think not, by this argument at least.

SOCRATES: Then I spoke the truth when I said that neither you nor anyone else in the world would choose to do wrong rather than suffer it, since it really is worse. (Plato, *Gorgias* 474 b-475 e.)

Socrates' strategy here is to trace conceptual links between the concepts of *just*, *admirable*, *good*, and *advantageous*, to show that we are committed to rejecting as conceptually incoherent any claim that morality and self-interest can conflict.

Mises, of course, regards moral argument as fruitless. Means can be rationally criticized, but not ends; and so, in his view, any attempt to criticize an end must slide into treating it as a means to some further end:

It is vain to argue about ultimate judgments of value as we argue about the truth or falsity of an existential proposition. As soon as we start to refute by arguments an ultimate judgment of value, we look upon it as a means to attain definite ends. But then we merely shift the discussion to another plane. We no longer view the principle concerned as an ultimate value but as a means to attain an ultimate value, and we are again faced with the same problem. We may, for instance, try to show a Buddhist that to act in conformity with the teachings of his creed results in effects which we consider disastrous. But we are silenced if he replies that these effects are in his opinion lesser evils or no evils at all compared to what would result from nonobservance of his rules of conduct. His ideas about the supreme good, happiness, and eternal bliss are different from ours. He does not care for those values his critics are concerned with, and seeks for satisfaction in other things than they do. (*THI*. 1. 3.)

But this argument *presupposes* the ethical subjectivism it is trying to prove. As Mises sees it, the Buddhist values Buddhistic practice because it leads to his ultimate end, the extinction of desire; when Mises argues that Buddhistic practice is bad because it tends to hinder the worldly prosperity that *Mises* desires as an ultimate end, all that can be said is that Mises and the Buddhist have different ultimate ends, and that is the end of the matter. But it is only by presupposing the falsity of ethical objectivism that Mises is able to help himself to the assumption that there can be disagreements about ultimate ends. For on the Socratic conception, Mises and the Buddhist have the *same* ultimate end – the *good* – and are disagreeing only about constitutive means thereto. Since disputes about means are *not* immune from rational criticism, the Socratic conception transforms insoluble disagreements into soluble ones.

Mises regarded praxeology as a *wertfrei* science. In one sense of that term, he was right; the praxeologist interprets and explains an agent's behaviour in terms of the agent's preferences, not those of the praxeologist. But in another sense praxeology is *wertbeladen* through and through; for we can make sense of other people's preferences only insofar as we interpret them as aiming at the ultimate value whose objectivity our own preferences commit us to accepting – the supreme goal which Socrates calls the First Beloved, and Aristotle calls: happiness.

## **Abbreviations**

### Works by Frege:

*CO*    *Concept and Object*  
*FA*    *The Foundations of Arithmetic*  
*FLA*   *Fundamental Laws of Arithmetic*  
*L*      *Logic*  
*LI*     *Logical Investigations*  
*SKM*   *Sources of Knowledge of Mathematics*

### Works by Wittgenstein:

*BB*    *Blue and Brown Books*  
*CV*    *Culture and Value*  
*LFM*   *Lectures on the Foundation of Mathematics*  
*LWPP*   *Last Writings on the Philosophy of Psychology*  
*N*      *Notebooks*  
*OC*    *On Certainty*  
*PG*    *Philosophical Grammar*  
*PI*    *Philosophical Investigations*  
*PR*    *Philosophical Remarks*  
*RFM*   *Remarks on the Foundations of Mathematics*  
*RPP*   *Remarks on the Philosophy of Psychology*  
*TLP*   *Tractatus Logico-Philosophicus*  
*Z*      *Zettel*

### Works by Mises:

*EPE*   *Epistemological Problems of Economics*  
*HA*    *Human Action*  
*MMM*   *Money, Method, and the Market Process*  
*TH*    *Theory and History*  
*UFES*   *The Ultimate Foundation of Economic Science*

### Works by Hayek:

*CL*    *The Constitution of Liberty*  
*CRS*   *The Counter-Revolution of Science*  
*FL*    *The Fortunes of Liberalism*  
*IEO*   *Individualism and Economic Order*  
*LLL*   *Law, Legislation, and Liberty*  
*SO*    *The Sensory Order*

### Works by Rothbard:

*DEA In Defense of Extreme Apriorism*  
*EL The Ethics of Liberty*  
*FNL For a New Liberty: The Libertarian Manifesto*  
*MES Man, Economy, and State*  
*PM Power and Market*  
*PMAE Praxeology: The Method of Austrian Economics*  
*SCH Ludwig von Mises: Scholar, Creator, Hero*

Works by Hoppe:

*DER In Defense of Extreme Rationalism*  
*ESAM Economic Science and the Austrian Method*  
*PFE On Praxeology and the Praxeological Foundations of Epistemology and Ethics*  
*TSC A Theory of Socialism and Capitalism*