

Human Action

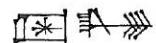
A Treatise on Economics



LUDWIG VON MISES

Edited by Bettina Bien Greaves

Volume 1



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EDITOR'S NOTE

This edition of Mises's *Human Action* is reproduced from the Foundation for Economic Education's 4th edition which was a reprint of the 3rd 1966 Henry Regnery edition. In this book Mises cited many foreign language works in footnotes. Whenever feasible, if English-language translations are available, the editor has referenced the pertinent pages in those English translations. Also when the meaning of foreign words and phrases are not readily apparent from the context, English translations of those foreign terms have been inserted, in brackets, immediately following.

For the benefit of scholars who have read, studied, and cited Mises's *Human Action* over many years, this Liberty Fund edition has been typeset, insofar as possible, to preserve the pagination of the 3rd (1966) and 4th (1996) editions, which were identical. As it was not always possible to keep the page divisions exactly the same, a careful scrutiny will detect minor discrepancies on pages 206–207, 234–235, 373–374, 404–407, 468–478, 564–565, and 689–690.

Because the vocabulary Mises used in *Human Action* included many words and phrases which will be unfamiliar to modern readers, this Liberty Fund Edition reproduces Percy L. Greaves, Jr.'s *Mises Made Easier: A Glossary to Ludwig von Mises' HUMAN ACTION*, first published in 1974. This glossary defines and explains technical terms and historical references and includes translations of all foreign-language words and phrases in *Human Action*.

First of all I want to remember two deceased scholars, Paul Mantoux and William E. Rappard, who by giving me the opportunity of teaching at the famous Graduate Institute of International Studies in Geneva, Switzerland, provided me with the time and the incentive to start work upon a long-projected plan.

I want to express my thanks for very valuable and helpful suggestions to Mr. Arthur Goddard, Mr. Percy Greaves, Doctor Henry Hazlitt, Professor Israel M. Kirzner, Mr. Leonard E. Read, Mr. Joaquin Reig Albiol and Doctor George Reisman.

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Ludwig von Mises
New York
March, 1966

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CHAPTER 2

The Epistemological Problems of the Sciences of Human Action

1 Praxeology and History

There are two main branches of the sciences of human action: praxeology and history.

History is the collection and systematic arrangement of all the data of experience concerning human action. It deals with the concrete content of human action. It studies all human endeavors in their infinite multiplicity and variety and all individual actions with all their accidental, special, and particular implications. It scrutinizes the ideas guiding acting men and the outcome of the actions performed. It embraces every aspect of human activities. It is on the one hand general history and on the other hand the history of various narrower fields. There is the history of political and military action, of ideas and philosophy, of economic activities, of technology, of literature, art, and science, of religion, of mores and customs, and of many other realms of human life. There is ethnology and anthropology, as far as they are not a part of biology, and there is psychology as far as it is neither physiology nor epistemology nor philosophy. There is linguistics as far as it is neither logic nor the physiology of speech.¹

The subject matter of all historical sciences is the past. They cannot teach us anything which would be valid for all human actions, that is, for the future too. The study of history makes a man wise

1. Economic history, descriptive economics, and economic statistics are, of course, history. The term *sociology* is used in two different meanings. Descriptive sociology deals with those historical phenomena of human action which are not viewed in descriptive economics; it overlaps to some extent the field claimed by ethnology and anthropology. General sociology, on the other hand, approaches historical experience from a more nearly universal point of view than that of the other branches of history. History proper, for instance, deals with an individual town or with towns in a definite period or with an individual people or with a certain geographical area. Max Weber in his main treatise (*Wirtschaft und Gesellschaft* [Tübingen, 1922], pp. 513–600) deals with the town in general, i.e., with the whole historical experience concerning towns without any limitation to historical periods, geographical areas, or individual peoples, nations, races, and civilizations.

and judicious. But it does not by itself provide any knowledge and skill which could be utilized for handling concrete tasks.

The natural sciences too deal with past events. Every experience is an experience of something passed away; there is no experience of future happenings. But the experience to which the natural sciences owe all their success is the experience of the experiment in which the individual elements of change can be observed in isolation. The facts amassed in this way can be used for induction, a peculiar procedure of inference which has given pragmatic evidence of its expediency, although its satisfactory epistemological characterization is still an unsolved problem.

The experience with which the sciences of human action have to deal is always an experience of complex phenomena. No laboratory experiments can be performed with regard to human action. We are never in a position to observe the change in one element only, all other conditions of the event remaining unchanged. Historical experience as an experience of complex phenomena does not provide us with facts in the sense in which the natural sciences employ this term to signify isolated events tested in experiments. The information conveyed by historical experience cannot be used as building material for the construction of theories and the prediction of future events. Every historical experience is open to various interpretations, and is in fact interpreted in different ways.

The postulates of positivism and kindred schools of metaphysics are therefore illusory. It is impossible to reform the sciences of human action according to the pattern of physics and the other natural sciences. There is no means to establish an *a posteriori* theory of human conduct and social events. History can neither prove nor disprove any general statement in the manner in which the natural sciences accept or reject a hypothesis on the ground of laboratory experiments. Neither experimental verification nor experimental falsification of a general proposition is possible in its field.

Complex phenomena in the production of which various causal chains are interlaced cannot test any theory. Such phenomena, on the contrary, become intelligible only through an interpretation in terms of theories previously developed from other sources. In the case of natural phenomena the interpretation of an event must not be at variance with the theories satisfactorily verified by experiments. In the case of historical events there is no such restriction. Commentators would be free to resort to quite arbitrary explanations. Where there is something to explain, the human mind has never been at a loss to

invent ad hoc some imaginary theories, lacking any logical justification.

In the field of human history a limitation similar to that which the experimentally tested theories enjoin upon the attempts to interpret and elucidate individual physical, chemical, and physiological events is provided by praxeology. Praxeology is a theoretical and systematic, not a historical, science. Its scope is human action as such, irrespective of all environmental, accidental, and individual circumstances of the concrete acts. Its cognition is purely formal and general without reference to the material content and the particular features of the actual case. It aims at knowledge valid for all instances in which the conditions exactly correspond to those implied in its assumptions and inferences. Its statements and propositions are not derived from experience. They are, like those of logic and mathematics, a priori. They are not subject to verification or falsification on the ground of experience and facts. They are both logically and temporally antecedent to any comprehension of historical facts. They are a necessary requirement of any intellectual grasp of historical events. Without them we should not be able to see in the course of events anything else than kaleidoscopic change and chaotic muddle.

2 The Formal and Aprioristic Character of Praxeology

A fashionable tendency in contemporary philosophy is to deny the existence of any a priori knowledge. All human knowledge, it is contended, is derived from experience. This attitude can easily be understood as an excessive reaction against the extravagances of theology and a spurious philosophy of history and of nature. Metaphysicians were eager to discover by intuition moral precepts, the meaning of historical evolution, the properties of soul and matter, and the laws governing physical, chemical, and physiological events. Their volatile speculations manifested a blithe disregard for matter-of-fact knowledge. They were convinced that, without reference to experience, reason could explain all things and answer all questions.

The modern natural sciences owe their success to the method of observation and experiment. There is no doubt that empiricism and pragmatism are right as far as they merely describe the procedures of the natural sciences. But it is no less certain that they are entirely wrong in their endeavors to reject any kind of a priori knowledge and to characterize logic, mathematics, and praxeology either as empirical and experimental disciplines or as mere tautologies.

With regard to praxeology the errors of the philosophers are due

to their complete ignorance of economics² and very often to their shockingly insufficient knowledge of history. In the eyes of the philosopher the treatment of philosophical issues is a sublime and noble vocation which must not be put upon the low level of other gainful employments. The professor resents the fact that he derives an income from philosophizing; he is offended by the thought that he earns money like the artisan and the farmhand. Monetary matters are mean things, and the philosopher investigating the eminent problems of truth and absolute eternal values should not soil his mind by paying attention to problems of economics.

The problem of whether there are or whether there are not a priori elements of thought—i.e., necessary and ineluctable intellectual conditions of thinking, anterior to any actual instance of conception and experience—must not be confused with the genetic problem of how man acquired his characteristically human mental ability. Man is descended from nonhuman ancestors who lacked this ability. These ancestors were endowed with some potentiality which in the course of ages of evolution converted them into reasonable beings. This transformation was achieved by the influence of a changing cosmic environment operating upon succeeding generations. Hence the empiricist concludes that the fundamental principles of reasoning are an outcome of experience and represent an adaptation of man to the conditions of his environment.

This idea leads, when consistently followed, to the further conclusion that there were between our prehuman ancestors and *Homo sapiens* various intermediate stages. There were beings which, although not yet equipped with the human faculty of reason, were endowed with some rudimentary elements of ratiocination. Theirs was not yet a logical mind, but a prelogical (or rather imperfectly logical) mind. Their desultory and defective logical functions evolved step by step from the prelogical state toward the logical state. Reason, intellect, and logic are historical phenomena. There is a history of logic as there is a history of technology. Nothing suggests that logic as we know it is the last and final stage of intellectual evolution. Human logic is a historical phase between prehuman nonlogic on the one

² Hardly any philosopher had a more universal familiarity with various branches of contemporary knowledge than Bergson. Yet a casual remark in his last great book clearly proves that Bergson was completely ignorant of the fundamental theorem of the modern theory of value and exchange. Speaking of exchange he remarks "On ne peut le pratiquer sans s'être demandé si les deux objets échangés sont bien de même valeur, c'est-à-dire échangeables contre un même troisième." (*Les Deux Sources de la morale et de la religion* [Paris, 1932], p. 68.) [One cannot practice it [exchange] without having asked himself whether the two objects exchanged are goods of the same value, that is to say [goods] exchangeable for a third [good] with the very same value.]

hand and superhuman logic on the other hand. Reason and mind, the human beings' most efficacious equipment in their struggle for survival, are embedded in the continuous flow of zoological events. They are neither eternal nor unchangeable. They are transitory.

Furthermore, there is no doubt that every human being repeats in his personal evolution not only the physiological metamorphosis from a simple cell into a highly complicated mammal organism but no less the spiritual metamorphosis from a purely vegetative and animal existence into a reasonable mind. This transformation is not completed in the prenatal life of the embryo, but only later when the newborn child step by step awakens to human consciousness. Thus every man in his early youth, starting from the depths of darkness, proceeds through various states of the mind's logical structure.

Then there is the case of the animals. We are fully aware of the unbridgeable gulf separating our reason from the reactive processes of their brains and nerves. But at the same time we divine that forces are desperately struggling in them toward the light of comprehension. They are like prisoners anxious to break out from the doom of eternal darkness and inescapable automatism. We feel with them because we ourselves are in a similar position: pressing in vain against the limitation of our intellectual apparatus, striving unavailingly after unattainable perfect cognition.

But the problem of the *a priori* is of a different character. It does not deal with the problem of how consciousness and reason have emerged. It refers to the essential and necessary character of the logical structure of the human mind.

The fundamental logical relations are not subject to proof or disproof. Every attempt to prove them must presuppose their validity. It is impossible to explain them to a being who would not possess them on his own account. Efforts to define them according to the rules of definition must fail. They are primary propositions antecedent to any nominal or real definition. They are ultimate unanalyzable 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. They are the indispensable prerequisite of perception, apperception, and experience.

They are no less an indispensable prerequisite of memory. There is a tendency in the natural sciences to describe memory as an instance of a more general phenomenon. Every living organism conserves the effects of earlier stimulation, and the present state of inorganic

matter is shaped by the effects of all the influences to which it was exposed in the past. The present state of the universe is the product of its past. We may, therefore, in a loose metaphorical sense, say that the geological structure of our globe conserves the memory of all earlier cosmic changes, and that a man's body is the sedimentation of his ancestors' and his own destinies and vicissitudes. But memory is something entirely different from the fact of the structural unity and continuity of cosmic evolution. It is a phenomenon of consciousness and as such conditioned by the logical *a priori*. Psychologists have been puzzled by the fact that man does not remember anything from the time of his existence as an embryo and as a suckling. Freud tried to explain this absence of recollection as brought about by suppression of undesired reminiscences. The truth is that there is nothing to be remembered of unconscious states. Animal automatism and unconscious response to physiological stimulations are neither for embryos and sucklings nor for adults material for remembrance. Only conscious states can be remembered.

The human mind is not a tabula rasa on which the external events write their own history. It is equipped with a set of tools for grasping reality. Man acquired these tools, i.e., the logical structure of his mind, in the course of his evolution from an amoeba to his present state. But these tools are logically prior to any experience.

Man is not only an animal totally subject to the stimuli unavoidably determining the circumstances of his life. He is also an acting being. And the category of action is logically antecedent to any concrete act.

The fact that man does not have the creative power to imagine categories at variance with the fundamental logical relations and with the principles of causality and teleology enjoins upon us what may be called *methodological apriorism*.

Everybody in his daily behavior again and again bears witness to the immutability and universality of the categories of thought and action. He who addresses fellow men, who wants to inform and convince them, who asks questions and answers other people's questions, 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* or that to prefer A to B could at the same time be to prefer B to A is simply inconceivable and absurd to a human mind. We are not in the position to comprehend any kind of prelogical or metalogical thinking. We cannot think of a world without causality and teleology.

It does not matter for man whether or not beyond the sphere acces-

sible 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. If it chooses human action as the subject matter of its inquiries, it cannot mean anything else than the categories of action which are proper to the human mind and are its projection into the external world of becoming and change. All the theorems of praxeology refer only to these categories of action and are valid only in the orbit of their operation. They do not pretend to convey any information about never dreamed of and unimaginable worlds and relations.

Thus praxeology is human in a double sense. It is human because it claims for its theorems, within the sphere precisely defined in the underlying assumptions, universal validity for all human action. It is human moreover because it deals only with human action and does not aspire to know anything about nonhuman—whether subhuman or superhuman—action.

The Alleged Logical Heterogeneity of Primitive Man

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. On the contrary, what Lévy-Bruhl, on the basis of a careful scrutiny of the entire ethnological material available, reports about the mental functions of primitive man proves clearly that the fundamental logical relations and the categories of thought and action play in the intellectual activities of savages the same role of thought and action play in our own life. The content of primitive man's thoughts differs from they play in our own life. The content of primitive man's thoughts differs from the content of our thoughts, but the formal and logical structure is common to both.

It is true that Lévy-Bruhl himself maintains that the mentality of primitive peoples is essentially "mystic and prelogical" in character; primitive man's collective representations are regulated by the "law of participation" and are consequently indifferent to the law of contradiction. However, Lévy-Bruhl's distinction between prelogical and logical thinking refers to the content and not to the form and categorial structure of thinking. For he declares that also among peoples like ourselves ideas and relations between ideas governed by the "law of participation" exist, more or less independently, more or less impaired, but yet ineradicable, side by side, with those subject to the

law of reasoning. "The prelogical and the mystic are co-existent with the logical."³

Lévy-Bruhl relegates the essential teachings of Christianity to the realm of the prelogical mind.⁴ Now, many objections can possibly be raised and have been raised against the Christian doctrines and their interpretation by theology. But nobody ever ventured to contend that the Christian fathers and philosophers—among them St. Augustine and St. Thomas—had minds whose logical structure was categorially different from that of our contemporaries. The dispute between a man who believes in miracles and another who does not refers to the content of thought, not to its logical form. A man who tries to demonstrate the possibility and reality of miracles may err. But to unmask his error is—as the brilliant essays of Hume and Mill show—certainly no less logically intricate than to explode any philosophical or economic fallacy.

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.⁵ 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."⁶ What other subjects did many contemporaries and neighbors of Newton, Kant, and Lévy-Bruhl prefer?

The conclusion to be drawn from Lévy-Bruhl's studies is best expressed in his own words: "The primitive mind, like our own, is anxious to find the reasons for what happens, but it does not seek these in the same direction as we do."⁷

A peasant eager to get a rich crop may—according to the content of his ideas—choose various methods. He may perform some magical rites, he may embark upon a pilgrimage, he may offer a candle to the image of his patron saint, or he may employ more and better fertilizer. But whatever he does, it is always action, i.e., the employment of means for the attainment of ends. Magic is in a broader sense a variety of technology. Exorcism is a deliberate purposeful action based on a world view which most of our contemporaries condemn as superstitious and therefore as inappropriate. But the concept of action does not imply that the action is guided by a correct theory and a technology promising success and that it attains the end aimed at. It only implies that the performer of the action believes that the means applied will produce the desired effect.

3. Lévy-Bruhl, *How Natives Think*, trans. by L. A. Clare (New York, 1932), p. 386.

4. *Ibid.*, p. 377.

5. Lévy-Bruhl, *Primitive Mentality*, trans. by L. A. Clare (New York, 1923), pp. 27–29.

6. *Ibid.*, p. 27.

7. *Ibid.*, p. 437.

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.⁸

3 The A Priori and Reality

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. Hence, according to a popular objection, it cannot add anything to our knowledge.

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.⁹

In the concept of money all the theorems of monetary theory are already implied. The quantity theory does not add to our knowledge anything which is not virtually contained in the concept of money. It transforms, develops, and unfolds; it only analyzes and is therefore tautological like the theorem of Pythagoras in relation to the concept of the rectangular triangle. However, nobody would deny the cognitive value of the quantity theory. To a mind not enlightened by economic reasoning it remains unknown. A long line of abortive attempts to solve the problems concerned shows that it was certainly not easy to attain the present state of knowledge.

It is not a deficiency of the system of aprioristic science that it does not convey to us full cognition of reality. Its concepts and theorems are mental tools opening the approach to a complete grasp of reality; they are, to be sure, not in themselves already the totality of factual knowledge about all things. Theory and the comprehension

8. Cf. the brilliant statements of Ernst Cassirer, *Philosophie der symbolischen Formen* (Berlin, 1925), II, 78.

9. Science, says Meyerson, is "l'acte per lequel nous ramenons à l'identique ce qui nous a, tout d'abord, paru n'être pas tel." (*De l'Explication dans les sciences* [Paris, 1927], p. 154.) Cf. also Morris R. Cohen, *A Preface to Logic* (New York, 1944), pp. 11–14. [the process by which we are led back to the very thing which, at first, did not seem to us to be so]

of living and changing reality are not in opposition to one another. Without theory, the general aprioristic science of human action, there is no comprehension of the reality of human action.

The relation between reason and experience has long been one of the fundamental philosophical problems. Like all other problems of the critique of knowledge, philosophers have approached it only with reference to the natural sciences. They have ignored the sciences of human action. Their contributions have been useless for praxeology.

It is customary in the treatment of the epistemological problems of economics to adopt one of the solutions suggested for the natural sciences. Some authors recommend Poincaré's conventionalism.¹⁰ They regard the premises of economic reasoning as a matter of linguistic or postulational convention.¹¹ Others prefer to acquiesce in ideas advanced by Einstein. Einstein raises the question: "How can mathematics, a product of human reason that does not depend on any experience, so exquisitely fit the objects of reality? Is human reason able to discover, unaided by experience through pure reasoning the features of real things?" And his answer is: "As far as the theorems of mathematics refer to reality, they are not certain, and as far as they are certain, they do not refer to reality."¹²

However, the sciences of human action differ radically from the natural sciences. All authors eager to construct an epistemological system of the sciences of human action according to the pattern of the natural sciences err lamentably.

The real thing which is the subject matter of praxeology, human action, stems from the same source as human reasoning. Action and reason are congeneric and homogeneous; they may even be called two different aspects of the same thing. That reason has the power to make clear through pure ratiocination the essential features of action is a consequence of the fact that action is an offshoot of reason. The theorems attained by correct praxeological reasoning are not only perfectly certain and incontestable, like the correct mathematical theorems. They refer, moreover, with the full rigidity of their apodictic certainty and incontestability to the reality of action as it appears in life and history. Praxeology conveys exact and precise knowledge of real things.

The starting point of praxeology is not a choice of axioms and a decision about methods of procedure, but reflection about the essence of action. There is no action in which the praxeological categories

10. Henri Poincaré, *La Science et l'hypothèse* (Paris, 1918), p. 69.

11. Felix Kaufmann, *Methodology of the Social Sciences* (London, 1944), pp. 46–47.

12. Albert Einstein, *Geometrie und Erfahrung* (Berlin, 1923), p. 3.

do not appear fully and perfectly. 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. There are no transitions from exchange to nonexchange or from direct exchange to indirect exchange. No experience can ever be had which would contradict these statements.

Such an experience would be impossible in the first place for the reason that all experience concerning human action is conditioned by the praxeological categories and becomes possible only through their application. 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. It is only through the utilization of the praxeological scheme that we become able to have an experience concerning an act of buying and selling, but then independently of the fact of whether or not our senses concomitantly perceive any motions of men and of nonhuman elements of the external world. Unaided by praxeological knowledge we would never learn anything about media of exchange. 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*.

Experience concerning human action differs from that concerning natural phenomena in that it requires and presupposes praxeological knowledge. This is why the methods of the natural sciences are inappropriate for the study of praxeology, economics, and history.

In asserting the a priori character of praxeology we are not drafting a plan for a future new science different from the traditional sciences of human action. We do not maintain that the theoretical science of human action should be aprioristic, but that it is and always has been so. Every attempt to reflect upon the problems raised by human action is necessarily bound to aprioristic reasoning. It does not make any difference in this regard whether the men discussing a problem are theorists aiming at pure knowledge only or statesmen, politicians, and regular citizens eager to comprehend occurring changes and to discover what kind of public policy or private conduct would best suit their own interests. People may begin arguing about the signif-

icance of any concrete experience, but the debate inevitably turns away from the accidental and environmental features of the event concerned to an analysis of fundamental principles, and imperceptibly abandons any reference to the factual happenings which evoked the argument. The history of the natural sciences is a record of theories and hypotheses discarded because they were disproved by experience. Remember for instance the fallacies of older mechanics disproved by Galileo or the fate of the phlogiston theory. No such case is recorded by the history of economics. The champions of logically incompatible theories claim the same events as the proof that their point of view has been tested by experience. The truth is that the experience of a complex phenomenon—and there is no other experience in the realm of human action—can always be interpreted on the ground of various antithetic theories. Whether the interpretation is considered satisfactory or unsatisfactory depends on the appreciation of the theories in question established beforehand on the ground of aprioristic reasoning.¹³

History cannot teach us any general rule, principle, or law. There is no means to abstract from a historical experience *a posteriori* any theories or theorems concerning human conduct and policies. The data of history would be nothing but a clumsy accumulation of disconnected occurrences, a heap of confusion, if they could not be clarified, arranged, and interpreted by systematic praxeological knowledge.

4 The Principle of Methodological Individualism

Praxeology deals with the actions of individual men. It is only in the further course of its inquiries that cognition of human cooperation is attained and social action is treated as a special case of the more universal category of human action as such.

This methodological individualism has been vehemently attacked by various metaphysical schools and disparaged as a nominalistic fallacy. The notion of an individual, say the critics, is an empty abstraction. Real man is necessarily always a member of a social whole. It is even impossible to imagine the existence of a man separated from the rest of mankind and not connected with society. Man as man is the product of a social evolution. His most eminent feature, reason, could only emerge within the framework of social mutuality. There is no thinking which does not depend on the concepts and notions of

¹³. Cf. E. P. Cheyney, *Law in History and Other Essays* (New York, 1927), p. 27.

language. But speech is manifestly a social phenomenon. Man is always the member of a collective. As the whole is both logically and temporally prior to its parts or members, the study of the individual is posterior to the study of society. The only adequate method for the scientific treatment of human problems is the method of universalism or collectivism.

Now the controversy whether the whole or its parts are logically prior is vain. Logically the notions of a whole and its parts are correlative. As logical concepts they are both apart from time.

No less inappropriate with regard to our problem is the reference to the antagonism of realism and nominalism, both these terms being understood in the meaning which medieval scholasticism attached to them. It is uncontested that in the sphere of human action social entities have real existence. Nobody ventures to deny that nations, states, municipalities, parties, religious communities, are real factors determining the course of human events. Methodological individualism, far from contesting the significance of such collective wholes, considers it as one of its main tasks to describe and to analyze their becoming and their disappearing, their changing structures, and their operation. And it chooses the only method fitted to solve this problem satisfactorily.

First we must realize that all actions are performed by individuals. A collective operates always through the intermediary of one or several individuals whose actions are related to the collective as the secondary source. It is the meaning which the acting individuals and all those who are touched by their action attribute to an action, that determines its character. It is the meaning that marks one action as the action of an individual and another action as the action of the state or of the municipality. The hangman, not the state, executes a criminal. It is the meaning of those concerned that discerns in the hangman's action an action of the state. A group of armed men occupies a place. It is the meaning of those concerned which imputes this occupation not to the officers and soldiers on the spot, but to their nation. If we scrutinize the meaning of the various actions performed by individuals we must necessarily learn everything about the actions of collective wholes. For a social collective has no existence and reality outside of the individual members' actions. The life of a collective is lived in the actions of the individuals constituting its body. There is no social collective conceivable which is not operative in the actions of some individuals. The reality of a social integer consists in its directing and releasing definite actions on the part of individuals. Thus the way to a cognition of collective wholes is through an analysis of the individuals' actions.

As a thinking and acting being man emerges from his prehuman existence already as a social being. The evolution of reason, language, and cooperation is the outcome of the same process; they were inseparably and necessarily linked together. But this process took place in individuals. It consisted in changes in the behavior of individuals. There is no other substance in which it occurred than the individuals. There is no substratum of society other than the actions of individuals.

That there are nations, states, and churches, that there is social cooperation under the division of labor, becomes discernible only in the actions of certain individuals. Nobody ever perceived a nation without perceiving its members. In this sense one may say that a social collective comes into being through the actions of individuals. That does not mean that the individual is temporally antecedent. It merely means that definite actions of individuals constitute the collective.

There is no need to argue whether a collective is the sum resulting from the addition of its elements or more, whether it is a being *sui generis*, and whether it is reasonable or not to speak of its will, plans, aims, and actions and to attribute to it a distinct "soul." Such pedantic talk is idle. A collective whole is a particular aspect of the actions of various individuals and as such a real thing determining the course of events.

It is illusory to believe that it is possible to visualize collective wholes. They are never visible; their cognition is always the outcome of the understanding of the meaning which acting men attribute to their acts. We can see a crowd, i.e., a multitude of people. Whether this crowd is a mere gathering or a mass (in the sense in which this term is used in contemporary psychology) or an organized body or any other kind of social entity is a question which can only be answered by understanding the meaning which they themselves attach to their presence. And this meaning is always the meaning of individuals. Not our senses, but understanding, a mental process, makes us recognize social entities.

Those who want to start the study of human action from the collective units encounter an insurmountable obstacle in the fact that an individual at the same time can belong and—with the exception of the most primitive tribesmen—really belongs to various collective entities. The problems raised by the multiplicity of coexisting social units and their mutual antagonisms can be solved only by methodological individualism.¹⁴

14. See below, pp. 145–53, the critique of the collectivist theory of society.

I and We

The *Ego* is the unity of the acting being. It is unquestionably given and cannot be dissolved or conjured away by any reasoning or quibbling.

The *We* is always the result of a summing up which puts together two or more *Egos*. If somebody says *I*, no further questioning is necessary in order to establish the meaning. The same is valid with regard to the *Thou* and, provided the person in view is precisely indicated, with regard to the *He*. But if a man says *We*, further information is needed to denote who the *Egos* are who are comprised in this *We*. It is always single individuals who say *We*; even if they say it in chorus, it yet remains an utterance of single individuals.

The *We* cannot act otherwise than each of them acting on his own behalf. They can either all act together in accord, or one of them may act for them all. In the latter case the cooperation of the others consists in their bringing about the situation which makes one man's action effective for them too. Only in this sense does the officer of a social entity act for the whole; the individual members of the collective body either cause or allow a single man's action to concern them too.

The endeavors of psychology to dissolve the *Ego* and to unmask it as an illusion are idle. The praxeological *Ego* is beyond any doubts. No matter what a man was and what he may become later, in the very act of choosing and acting he is an *Ego*.

From the *pluralis logicus* (and from the merely *ceremonial pluralis majestaticus*) we must distinguish the *pluralis gloriōsus*. If a Canadian who never tried skating says, "We are the world's foremost ice hockey players," or if an Italian boor proudly contends, "We are the world's most eminent painters," nobody is fooled. But with reference to political and economic problems the *pluralis gloriōsus* evolves into the *pluralis imperialis* and as such plays a significant role in paving the way for the acceptance of doctrines determining international economic policies.

5 The Principle of Methodological Singularism

No less than from the action of an individual praxeology begins its investigations from the individual action. It does not deal in vague terms with human action in general, but with concrete action which a definite man has performed at a definite date and at a definite place. But, of course, it does not concern itself with the accidental and environmental features of this action and with what distinguishes it from all other actions, but only with what is necessary and universal in its performance.

The philosophy of universalism has from time immemorial blocked

access to a satisfactory grasp of praxeological problems, and contemporary universalists are utterly incapable of finding an approach to them. Universalism, collectivism, and conceptual realism see only wholes and universals. They speculate about mankind, nations, states, classes, about virtue and vice, right and wrong, about entire classes of wants and of commodities. They ask, for instance: Why is the value of "gold" higher than that of "iron"? Thus they never find solutions, but antinomies and paradoxes only. The best-known instance is the value-paradox which frustrated even the work of the classical economists.

Praxeology asks: What happens in acting? What does it mean to say that an individual then and there, today and here, at any time and at any place, acts? What results if he chooses one thing and rejects another?

The act of choosing is always a decision among various opportunities open to the choosing individual. Man never chooses between virtue and vice, but only between two modes of action which we call from an adopted point of view virtuous or vicious. A man never chooses between "gold" and "iron" in general, but always only between a definite quantity of gold and a definite quantity of iron. Every single action is strictly limited in its immediate consequences. If we want to reach correct conclusions, we must first of all look at these limitations.

Human life is an unceasing sequence of single actions. But the single action is by no means isolated. It is a link in a chain of actions which together form an action on a higher level aiming at a more distant end. Every action has two aspects. It is on the one hand a partial action in the framework of a further-stretching action, the performance of a fraction of the aims set by a more far-reaching action. It is on the other hand itself a whole with regard to the actions aimed at by the performance of its own parts.

It depends upon the scope of the project on which acting man is intent at the instant whether the more far-reaching action or a partial action directed to a more immediate end only is thrown into relief. There is no need for praxeology to raise questions of the type of those raised by *Gestaltpsychologie*. The road to the performance of great things must always lead through the performance of partial tasks. A cathedral is something other than a heap of stones joined together. But the only procedure for constructing a cathedral is to lay one stone upon another. For the architect the whole project is the main thing. For the mason it is the single wall, and for the bricklayer the single stones. What counts for praxeology is the fact that the

only method to achieve greater tasks is to build from the foundations step by step, part by part.

6 The Individual and Changing Features of Human Action

The content of human action, i.e., the ends aimed at and the means chosen and applied for the attainment of these ends, is determined by the personal qualities of every acting man. Individual man is the product of a long line of zoological evolution which has shaped his physiological inheritance. He is born the offspring and the heir of his ancestors, and the precipitate and sediment of all that his forefathers experienced are his biological patrimony. When he is born, he does not enter the world in general as such, but a definite environment. The innate and inherited biological qualities and all that life has worked upon him make a man what he is at any instant of his pilgrimage. They are his fate and destiny. His will is not "free" in the metaphysical sense of this term. It is determined by his background and all the influences to which he himself and his ancestors were exposed.

Inheritance and environment direct a man's actions. They suggest to him both the ends and the means. He lives not simply as man *in abstracto*; he lives as a son of his family, his race, his people, and his age; as a citizen of his country; as a member of a definite social group; as a practitioner of a certain vocation; as a follower of definite religious, metaphysical, philosophical, and political ideas; as a partisan in many feuds and controversies. He does not himself create his ideas and standards of value; he borrows them from other people. His ideology is what his environment enjoins upon him. Only very few men have the gift of thinking new and original ideas and of changing the traditional body of creeds and doctrines.

Common man does not speculate about the great problems. With regard to them he relies upon other people's authority, he behaves as "every decent fellow must behave," he is like a sheep in the herd. It is precisely this intellectual inertia that characterizes a man as a common man. Yet the common man does choose. He chooses to adopt traditional patterns or patterns adopted by other people because he is convinced that this procedure is best fitted to achieve his own welfare. And he is ready to change his ideology and consequently his mode of action whenever he becomes convinced that this would better serve his own interests.

Most of a man's daily behavior is simple routine. He performs

certain acts without paying special attention to them. He does many things because he was trained in his childhood to do them, because other people behave in the same way, and because it is customary in his environment. He acquires habits, he develops automatic reactions. But he indulges in these habits only because he welcomes their effects. As soon as he discovers that the pursuit of the habitual way may hinder the attainment of ends considered as more desirable, he changes his attitude. A man brought up in an area in which the water is clean acquires the habit of heedlessly drinking, washing, and bathing. When he moves to a place in which the water is polluted by morbid germs, he will devote the most careful attention to procedures about which he never bothered before. He will watch himself permanently in order not to hurt himself by indulging unthinkingly in his traditional routine and his automatic reactions. The fact that an action is in the regular course of affairs performed spontaneously, as it were, does not mean that it is not due to a conscious volition and to a deliberate choice. Indulgence in a routine which possibly could be changed is action.

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

7 The Scope and the Specific Method of History

The study of all the data of experience concerning human action is the scope of history. The historian collects and critically sifts all available documents. On the ground of this evidence he approaches his genuine task.

It has been asserted that the task of history is to show how events actually happened, without imposing presuppositions and values (*wertfrei*, i.e., neutral with regard to all value judgments). The historian's report should be a faithful image of the past, an intellectual photograph, as it were, giving a complete and unbiased description of all facts. It should reproduce before our intellectual eye the past with all its features.

Now, a real reproduction of the past would require a duplication not humanly possible. History is not an intellectual reproduction, but a condensed representation of the past in conceptual terms. The historian does not simply let the events speak for themselves. He arranges them from the aspect of the ideas underlying the formation of the general notions he uses in their presentation. He does not report facts as they happened, but only *relevant* facts. He does not approach

the documents without presuppositions, but equipped with the whole apparatus of his age's scientific knowledge, that is, with all the teachings of contemporary logic, mathematics, praxeology, and natural science.

It is obvious that the historian must not be biased by any prejudices and party tenets. Those writers who consider historical events as an arsenal of weapons for the conduct of their party feuds are not historians but propagandists and apologists. They are not eager to acquire knowledge but to justify the program of their parties. They are fighting for the dogmas of a metaphysical, religious, national, political or social doctrine. They usurp the name of history for their writings as a blind in order to deceive the credulous. A historian must first of all aim at cognition. He must free himself from any partiality. He must in this sense be neutral with regard to any value judgments.

This postulate of *Wertfreiheit* [(German) neutrality with respect to values] can easily be satisfied in the field of the aprioristic sciences—logic, mathematics, and praxeology—and in the field of the experimental natural sciences. It is logically not difficult to draw a sharp line between a scientific, unbiased treatment of these disciplines and a treatment distorted by superstition, preconceived ideas, and passion. It is much more difficult to comply with the requirement of valuational neutrality in history. For the subject matter of history, the concrete accidental and environmental content of human action, is value judgments and their projection into the reality of change. At every step of his activities the historian is concerned with value judgments. The value judgments of the men whose actions he reports are the substratum of his investigations.

It has been asserted that the historian himself cannot avoid judgments of value. No historian—not even the naïve chronicler or newspaper reporter—registers all facts as they happen. He must discriminate, he must select some events which he deems worthy of being registered and pass over in silence other events. This choice, it is said, implies in itself a value judgment. It is necessarily conditioned by the historian's world view and thus not impartial but an outcome of preconceived ideas. History can never be anything else than distortion of facts; it can never be really scientific, that is neutral with regard to values and intent only upon discovering truth.

There is, of course, no doubt that the discretion which the selection of facts places in the hands of the historian can be abused. It can and does happen that the historian's choice is guided by party bias. However, the problems involved are much more intricate than this popular doctrine would have us believe. Their solution must be sought on

the ground of a much more thorough scrutiny of the methods of history.

In dealing with a historical problem the historian makes use of all the knowledge provided by logic, mathematics, the natural sciences, and especially by praxeology. However, the mental tools of these nonhistorical disciplines do not suffice for his task. They are indispensable auxiliaries for him, but in themselves they do not make it possible to answer those questions he has to deal with.

The course of history is determined by the actions of individuals and by the effects of these actions. The actions are determined by the value judgments of the acting individuals, i.e., the ends which they were eager to attain, and by the means which they applied for the attainment of these ends. The choice of the means is an outcome of the whole body of technological knowledge of the acting individuals. It is in many instances possible to appreciate the effects of the means applied from the point of view of praxeology or of the natural sciences. But there remain a great many things for the elucidation of which no such help is available.

The specific task of history for which it uses a specific method is the study of these value judgments and of the effects of the actions as far as they cannot be analyzed by the teachings of all other branches of knowledge. The historian's genuine problem is always to interpret things as they happened. But he cannot solve this problem on the ground of the theorems provided by all other sciences alone. There always remains at the bottom of each of his problems something which resists analysis at the hand of these teachings of other sciences. It is these individual and unique characteristics of each event which are studied by the *understanding*.

The uniqueness or individuality which remains at the bottom of every historical fact, when all the means for its interpretation provided by logic, mathematics, praxeology, and the natural sciences have been exhausted, is an ultimate datum. But whereas the natural sciences cannot say anything about their ultimate data than that they are such, history can try to make its ultimate data intelligible. Although it is impossible to reduce them to their causes—they would not be ultimate data if such a reduction were possible—the historian can understand them because he is himself a human being. In the philosophy of Bergson this understanding is called an intuition, viz., "*la sympathie par laquelle on se transporte à l'intérieur d'un objet pour coïncider avec ce qu'il a d'unique et par conséquent d'inexprimable.*"¹⁵ [The sympathy with which one enters inside an object in order to identify thereby what it has that is unique and therefore inexpressible.] German epistemology calls this act *das spezifische Verstehen der*

¹⁵ Henri Bergson, *La Pensée et le mouvant* (4th ed. Paris, 1934), p. 205.

Geisteswissenschaften [the specific understanding of the moral sciences.] or simply *Verstehen* [understanding]. It is the method which all historians and all other people always apply in commenting upon human events of the past and in forecasting future events. The discovery and the delimitation of understanding was one of the most important contributions of modern epistemology. It is, to be sure, neither a project for a new science which does not yet exist and is to be founded nor the recommendation of a new method of procedure for any of the already existing sciences.

The understanding must not be confused with approval, be it only conditional and circumstantial. The historian, the ethnologist, and the psychologist sometimes register actions which are for their feelings simply repulsive and disgusting; they understand them only as actions, i.e., in establishing the underlying aims and the technological and praxeological methods applied for their execution. To understand an individual case does not mean to justify or to excuse it.

Neither must understanding be confused with the act of aesthetic enjoyment of a phenomenon. Empathy (*Einfühlung*) and understanding are two radically different attitudes. It is a different thing, on the one hand, to understand a work of art historically, to determine its place, its meaning, and its importance in the flux of events, and, on the other hand, to appreciate it emotionally as a work of art. One can look at a cathedral with the eyes of a historian. But one can look at the same cathedral either as an enthusiastic admirer or as an unaffected and indifferent sightseer. The same individuals are capable of both modes of reaction, of the aesthetic appreciation and of the scientific grasp of understanding.

The understanding establishes the fact that an individual or a group of individuals have engaged in a definite action emanating from definite value judgments and choices and aiming at definite ends, and that they have applied for the attainment of these ends definite means suggested by definite technological, therapeutical, and praxeological doctrines. It furthermore tries to appreciate the effects and the intensity of the effects brought about by an action; it tries to assign to every action its relevance, i.e., its bearing upon the course of events.

The scope of understanding is the mental grasp of phenomena which cannot be totally elucidated by logic, mathematics, praxeology, and the natural sciences to the extent that they cannot be cleared up by all these sciences. It must never contradict the teachings of these other branches of knowledge.¹⁶ The real corporeal existence of the

devil is attested by innumerable historical documents which are rather reliable in all other regards. Many tribunals in due process of law have on the basis of the testimony of witnesses and the confessions of defendants established the fact that the devil had carnal intercourse with witches. However, no appeal to understanding could justify a historian's attempt to maintain that the devil really existed and interfered with human events otherwise than in the visions of an excited human brain.

While this is generally admitted with regard to the natural sciences, there are some historians who adopt another attitude with regard to economic theory. They try to oppose to the theorems of economics an appeal to documents allegedly proving things incompatible with these theorems. They do not realize that complex phenomena can neither prove nor disprove any theorem and therefore cannot bear witness against any statement of a theory. Economic history is possible only because there is an economic theory capable of throwing light upon economic actions. If there were no economic theory, reports concerning economic facts would be nothing more than a collection of unconnected data open to any arbitrary interpretation.

8 Conception and Understanding

The task of the sciences of human action is the comprehension of the meaning and relevance of human action. They apply for this purpose two different epistemological procedures: conception and understanding. Conception is the mental tool of praxeology; understanding is the specific mental tool of history.

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

The cognition of history refers to what is unique and individual in each event or class of events. It analyzes first each object of its studies with the aid of the mental tools provided by all other sciences. Having achieved this preliminary work, it faces its own specific problem: the elucidation of the unique and individual features of the case by means of the understanding.

As was mentioned above, it has been asserted that history can never be scientific because historical understanding depends on the historian's subjective value judgments. Understanding, it is maintained, is only a euphemistic term for arbitrariness. The writings of historians are always one-sided and partial; they do not report the facts; they distort them.

16. Cf. Ch. V. Langlois and Ch. Seignobos, *Introduction to the Study of History*, trans. by G. G. Berry (London, 1925), pp. 205–8.

It is, of course, a fact that we have historical books written from various points of view. There are histories of the Reformation written from the Catholic point of view and others written from the Protestant point of view. There are "proletarian" histories and "bourgeois" histories, Tory historians and Whig historians; every nation, party, and linguistic group has its own historians and its own ideas about history.

But the problem which these differences of interpretation offer must not be confused with the intentional distortion of facts by propagandists and apologists parading as historians. Those facts which can be established in an unquestionable way on the ground of the source material available must be established as the preliminary work of the historian. This is not a field for understanding. It is a task to be accomplished by the employment of the tools provided by all nonhistorical sciences. The phenomena are gathered by cautious critical observation of the records available. As far as the theories of the nonhistorical sciences on which the historian grounds his critical examination of the sources are reasonably reliable and certain, there cannot be any arbitrary disagreement with regard to the establishment of the phenomena as such. What a historian asserts is either correct or contrary to fact, is either proved or disproved by the documents available, or vague because the sources do not provide us with sufficient information. The experts may disagree, but only on the ground of a reasonable interpretation of the evidence available. The discussion does not allow any arbitrary statements.

However, the historians very often do not agree with regard to the teachings of the nonhistorical sciences. Then, of course, disagreement with regard to the critical examination of the records and to the conclusions to be drawn from them can ensue. An unbridgeable conflict arises. But its cause is not an arbitrariness with regard to the concrete historical phenomenon. It stems from an undecided issue referring to the nonhistorical sciences.

An ancient Chinese historian could report that the emperor's sin brought about a catastrophic drought and that rain fell again when the ruler had atoned for his sin. No modern historian would accept such a report. The underlying meteorological doctrine is contrary to uncontested fundamentals of contemporary natural science. But no such unanimity exists in regard to many theological, biological, and economic issues. Accordingly historians disagree.

A supporter of the racial doctrine of Nordic-Aryanism will disregard as fabulous and simply unbelievable any report concerning intellectual and moral achievements of "inferior" races. He will treat

such reports in the same way in which all modern historians deal with the above-mentioned Chinese report. No agreement with regard to any phenomenon of the history of Christianity can be attained between people for whom the gospels are Holy Writ and people in whose eyes they are human documents. Catholic and Protestant historians disagree about many questions of fact because they start from different theological ideas. A Mercantilist or Neo-Mercantilist must necessarily be at variance with an economist. An account of German monetary history in the years 1914 to 1923 is conditioned by the author's monetary doctrines. The facts of the French Revolution are presented in a quite different manner by those who believe in the sacred rights of the anointed king and those who hold other views.

The historians disagree on such issues not in their capacity as historians, but in their application of the nonhistorical sciences to the subject matter of history. They disagree as agnostic doctors disagree, in regard to the miracles of Lourdes, with the members of the medical committee for the collection of evidence concerning these miracles. Only those who believe that facts write their own story into the tabula rasa of the human mind blame the historians for such differences of opinion. They fail to realize that history can never be studied without presuppositions, and that dissension with regard to the presuppositions, i.e., the whole content of the nonhistorical branches of knowledge, must determine the establishment of historical facts.

These presuppositions also determine the historian's decision concerning the choice of facts to be mentioned and those to be omitted as irrelevant. In searching for the causes of a cow's not giving milk a modern veterinarian will disregard entirely all reports concerning a witch's evil eye; his view would have been different three hundred years ago. In the same way the historian selects from the indefinite multitude of events that preceded the fact he is dealing with those which could have contributed to its emergence—or have delayed it—and neglects those which, according to his grasp of the nonhistorical sciences, could not have influenced it.

Changes in the teachings of the nonhistorical sciences consequently must involve a rewriting of history. Every generation must treat anew the same historical problems because they appear to it in a different light. The theological world view of older times led to a treatment of history other than the theorems of modern natural science. Subjective economics produces historical works very differ-

ent from those based on mercantilist doctrines. As far as divergences in the books of historians stem from these disagreements, they are not an outcome of alleged vagueness and precariousness in historical studies. They are, on the contrary, the result of the lack of unanimity in the realm of those other sciences which are popularly called certain and exact.

To avoid any possible misunderstanding it is expedient to emphasize some further points. The divergences referred to above must not be confused:

1. With purposeful ill-intentioned distortion of facts.
2. With attempts to justify or to condemn any actions from a legal or moral point of view."
3. With the merely incidental insertion of remarks expressing value judgments in a strictly objective representation of the state of affairs. A treatise on bacteriology does not lose its objectivity if the author, accepting the human viewpoint, considers the preservation of human life as an ultimate end and, applying this standard, labels effective methods of fighting germs good and fruitless methods bad. A germ writing such a book would reverse these judgments, but the material content of its book would not differ from that of the human bacteriologist. In the same way a European historian dealing with the Mongol invasions of the thirteenth century may speak of "favorable" and "unfavorable" events because he takes the standpoint of the European defenders of Western civilization. But this approval of one party's standard of value need not necessarily interfere with the material content of his study. It may—from the viewpoint of contemporary knowledge—be absolutely objective. A Mongolian historian could endorse it completely but for such casual remarks.
4. With a representation of one party's action in diplomatic or military antagonisms. The clash of conflicting groups can be dealt with from the point of view of the ideas, motives, and aims which impelled either side's acts. For a full comprehension of what happened it is necessary to take account of what was done on both sides. The outcome was the result of the interaction of both parties. But in order to understand their actions the historian must try to see things as they appeared to the acting men at the critical time, not only as we see them now from the point of view of our present-day knowledge. A history of Lincoln's policy in the weeks and months preceding the outbreak of the Civil War is of course incomplete. But no historical study is complete. Regardless of whether the historian sympathizes with the Unionists or with the Confederates or whether he is

absolutely neutral, he can deal in an objective way with Lincoln's policy in the spring of 1861. Such an investigation is an indispensable preliminary to answering the broader question of how the Civil War broke out.

Now finally, having settled these problems, it is possible to attack the genuine question: Is there any subjective element in historical understanding, and, if so, in what manner does it determine the result of historical studies?

As far as the task of understanding is to establish the facts that people were motivated by definite value judgments and aimed at definite ends, there cannot be any disagreement among true historians, i.e., people intent upon cognition of past events. There may be uncertainty because of the insufficient information provided by the sources available. But this has nothing to do with understanding. It refers to the preliminary work to be achieved by the historian.

But understanding has a second task to fulfill. It must appraise the effects and the intensity of the effects brought about by an action; it must deal with the relevance of each motive and each action.

Here we are faced with one of the main differences between physics and chemistry on the one hand and the sciences of human action on the other. In the realm of physical and chemical events there exist (or, at least, it is generally assumed that there exist) constant relations between magnitudes, and man is capable of discovering these constants with a reasonable degree of precision by means of laboratory experiments. No such constant relations exist in the field of human action outside of physical and chemical technology and therapeutics. For some time economists believed that they had discovered such a constant relation in the effects of changes in the quantity of money upon commodity prices. It was asserted that a rise or fall in the quantity of money in circulation must result in proportional changes of commodity prices. Modern economics has clearly and irrefutably exposed the fallaciousness of this statement.¹⁷ Those economists who want to substitute "quantitative economics" for what they call "qualitative economics" are utterly mistaken. There are, in the field of economics, no constant relations, and consequently no measurement is possible. If a statistician determines that a rise of 10 per cent in the supply of potatoes in Atlantis at a definite time was followed by a fall of 8 per cent in the price, he does not establish anything about what happened or may happen with a change in the supply of potatoes in another country or at another time. He has not "measured"

¹⁷. See below, pp. 412–14.

the "elasticity of demand" of potatoes. He has established a unique and individual historical fact. No intelligent man can doubt that the behavior of men with regard to potatoes and every other commodity is variable. Different individuals value the same things in a different way, and valuations change with the same individuals with changing conditions.¹⁸

Outside of the field of economic history nobody every ventured to maintain that constant relations prevail in human history. It is a fact that in the armed conflicts fought in the past between Europeans and backward peoples of other races, one European soldier was usually a match for several native fighters. But nobody was ever foolish enough to "measure" the magnitude of European superiority.

The impracticability of measurement is not due to the lack of technical methods for the establishment of measure. It is due to the absence of constant relations. If it were only caused by technical insufficiency, at least an approximate estimation would be possible in some cases. But the main fact is that there are no constant relations. Economics is not, as ignorant positivists repeat again and again, backward because it is not "quantitative." It is not quantitative and does not measure because there are no constants. Statistical figures referring to economic events are historical data. They tell us what happened in a nonrepeatable historical case. Physical events can be interpreted on the ground of our knowledge concerning constant relations established by experiments. Historical events are not open to such an interpretation.

The historian can enumerate all the factors which cooperated in bringing about a known effect and all the factors which worked against them and may have resulted in delaying and mitigating the final outcome. But he cannot coordinate, except by understanding, the various causative factors in a quantitative way to the effects produced. He cannot, except by understanding, assign to each of n factors its role in producing the effect P . Understanding is in the realm of history the equivalent, as it were, of quantitative analysis and measurement.

Technology can tell us how thick a steel plate must be in order not to be pierced by a bullet fired at a distance of 300 yards from a Winchester rifle. It can thus answer the question why a man who took shelter behind a steel plate of a known thickness was hurt or not hurt by a shot fired. History is at a loss to explain with the same assurance why there was a rise in the price of milk of 10 per cent or

18. Cf. below, p. 351.

why President Roosevelt defeated Governor Dewey in the election of 1944 or why France was from 1870 to 1940 under a republican constitution. Such problems do not allow any treatment other than that of understanding.

To every historical factor understanding tries to assign its relevance. In the exercise of understanding there is no room for arbitrariness and capriciousness. The freedom of the historian is limited by his endeavor to provide a satisfactory explanation of reality. His guiding star must be the search for truth. But there necessarily enters into understanding an element of subjectivity. The understanding of the historian is always tinged with the marks of his personality. It reflects the mind of its author.

The a priori sciences—logic, mathematics, and praxeology—aim at a knowledge unconditionally valid for all beings endowed with the logical structure of the human mind. The natural sciences aim at a cognition valid for all those beings which are not only endowed with the faculty of human reason but with human senses. The uniformity of human logic and sensation bestows upon these branches of knowledge the character of universal validity. Such at least is the principle guiding the study of the physicists. Only in recent years have they begun to see the limits of their endeavors and, abandoning the excessive pretensions of older physicists, discovered the "uncertainty principle." They realize today that there are unobservables whose unobservability is a matter of epistemological principle.¹⁹

Historical understanding can never produce results which must be accepted by all men. Two historians who fully agree with regard to the teachings of the nonhistorical sciences and with regard to the establishment of the facts as far as they can be established without recourse to the understanding of relevance, may disagree in their understanding of the relevance of these facts. They may fully agree in establishing that the factors a , b , and c worked together in producing the effect P ; nonetheless they can widely disagree with regard to the relevance of the respective contributions of a , b , and c to the final outcome. As far as understanding aims at assigning its relevance to each factor, it is open to the influence of subjective judgments. Of course, these are not judgments of value, they do not express preferences of the historian. They are judgments of relevance.²⁰

19. Cf. A. Eddington, *The Philosophy of Physical Science* (New York, 1939), pp. 28–48.

20. As this is not a dissertation on general epistemology, but the indispensable foundation of a treatise of economics, there is no need to stress the analogies between the understanding of historical relevance and the tasks to be accomplished by a diagnosing physician. The epistemology of biology is outside of the scope of our inquiries.

Historians may disagree for various reasons. They may hold different views with regard to the teachings of the nonhistorical sciences; they may base their reasoning on a more or less complete familiarity with the records; they may differ in the understanding of the motives and aims of the acting men and of the means applied by them. All these differences are open to a settlement by "objective" reasoning; it is possible to reach a universal agreement with regard to them. But as far as historians disagree with regard to judgments of relevance it is impossible to find a solution which all sane men must accept.

The intellectual methods of science do not differ in kind from those applied by the common man in his daily mundane reasoning. The scientist uses the same tools which the layman uses; he merely uses them more skillfully and cautiously. Understanding is not a privilege of the historians. It is everybody's business. In observing the conditions of his environment everybody is a historian. Everybody uses understanding in dealing with the uncertainty of future events to which he must adjust his own actions. The distinctive reasoning of the speculator is an understanding of the relevance of the various factors determining future events. And—let us emphasize it even at this early point of our investigations—action necessarily always aims at future and therefore uncertain conditions and thus is always speculation. Acting man looks, as it were, with the eyes of a historian into the future.

Natural History and Human History

Cosmogony, geology, and the history of biological changes are historical disciplines as they deal with unique events of the past. However, they operate exclusively with the epistemological methods of the natural sciences and have no need for understanding. They must sometimes take recourse to only approximate estimates of magnitudes. But such estimates are not judgments of relevance. They are a less perfect method of determining quantitative relations than is "exact" measurement. They must not be confused with the state of affairs in the field of human action which is characterized by the absence of constant relations.

If we speak of history, what we have in mind is only the history of human action, whose specific mental tool is understanding.

The assertion that modern natural science owes all its achievements to the experimental method is sometimes assailed by referring to astronomy. Now, modern astronomy is essentially an application of the physical laws, experimentally discovered on the earth, to the celestial bodies. In earlier days astronomy was mainly based on the assumption that the movements of the celestial bodies would not

change their course. Copernicus and Kepler simply tried to guess in what kind of curve the earth moves around the sun. As the circle was considered the "most perfect" curve, Copernicus chose it for his theory. Later, by similar guesswork, Kepler substituted the ellipse for the circle. Only since Newton's discoveries has astronomy become a natural science in the strict sense.

9 On Ideal Types

History deals with unique and unrepeatable events, with the irreversible flux of human affairs. A historical event cannot be described without reference to the persons involved and to the place and date of its occurrence. As far as a happening can be narrated without such a reference, it is not a historical event but a fact of the natural sciences. The report that Professor X on February 20, 1945, performed a certain experiment in his laboratory is an account of a historical event. The physicist believes that he is right in abstracting from the person of the experimenter and the date and place of the experiment. He relates only those circumstances which, in his opinion, are relevant for the production of the result achieved and, when repeated, will produce the same result again. He transforms the historical event into a *fact* of the empirical natural sciences. He disregards the active interference of the experimenter and tries to imagine him as an indifferent observer and relater of unadulterated reality. It is not the task of praxeology to deal with the epistemological issues of this philosophy.

Although unique and unrepeatable, historical events have one common feature: they are human action. History comprehends them as human actions; it conceives their meaning by the instrumentality of praxeological cognition and understands their meaning in looking at their individual and unique features. What counts for history is always the meaning of the men concerned: the meaning that they attach to the state of affairs they want to alter, the meaning they attach to their actions, and the meaning they attach to the effects produced by the actions.

The aspect from which history arranges and assorts the infinite multiplicity of events is their meaning. The only principle which it applies for the systematization of its objects—men, ideas, institutions, social entities, and artifacts—is meaning affinity. According to meaning affinity it arranges the elements into ideal types.

Ideal types are specific notions employed in historical research and in the representation of its results. They are concepts of understanding. As such they are entirely different from praxeological cate-

gories and concepts and from the concepts of the natural sciences. An ideal type is not a class concept, because its description does not indicate the marks whose presence definitely and unambiguously determines class membership. An ideal type cannot be defined; it must be characterized by an enumeration of those features whose presence by and large decides whether in a concrete instance we are or are not faced with a specimen belonging to the ideal type in question. It is peculiar to the ideal type that not all its characteristics need to be present in any one example. Whether or not the absence of some characteristics prevents the inclusion of a concrete specimen in the ideal type in question, depends on a relevance judgment by understanding. The ideal type itself is an outcome of an understanding of the motives, ideas, and aims of the acting individuals and of the means they apply.

An ideal type has nothing at all to do with statistical means and averages. Most of the characteristics concerned are not open to a numerical determination, and for this reason alone they could not enter into a calculation of averages. But the main reason is to be seen in something else. Statistical averages denote the behavior of the members of a class or a type, already constituted by means of a definition or characterization referring to other marks, with regard to features not referred to in the definition or characterization. The membership of the class or type must be known before the statistician can start investigating special features and use the result of this investigation for the establishment of an average. We can establish the average age of the United States Senators or we can reckon averages concerning the behavior of an age class of the population with regard to a special problem. But it is logically impossible to make the membership of a class or type depend upon an average.

No historical problem can be treated without the aid of ideal types. Even when the historian deals with an individual person or with a single event, he cannot avoid referring to ideal types. If he speaks of Napoleon, he must refer to such ideal types as commander, dictator, revolutionary leader; and if he deals with the French Revolution he must refer to ideal types such as revolution, disintegration of an established regime, anarchy. It may be that the reference to an ideal type consists merely in rejecting its applicability to the case in question. But all historical events are described and interpreted by means of ideal types. The layman too, in dealing with events of the past or of the future, must always make use of ideal types and unwittingly always does so.

Whether or not the employment of a definite ideal type is expedient

and conducive to an adequate grasp of phenomena can only be decided by understanding. It is not the ideal type that determines the mode of understanding; it is the mode of understanding that requires the construction and use of corresponding ideal types.

The ideal types are constructed with the use of ideas and concepts developed by all nonhistorical branches of knowledge. Every cognition of history is, of course, conditioned by the findings of the other sciences, depends upon them, and must never contradict them. But historical knowledge has another subject matter and another method than these other sciences, and they in turn have no use for understanding. Thus the ideal types must not be confused with concepts of the nonhistorical sciences. This is valid also with regard to the praxeological categories and concepts. They provide, to be sure, the indispensable mental tools for the study of history. However, they do not refer to the understanding of the unique and individual events which are the subject matter of history. An ideal type can therefore never be a simple adoption of a praxeological concept.

It happens in many instances that a term used by praxeology to signify a praxeological concept serves to signify an ideal type for the historian. Then the historian uses *one* word for the expression of two different things. He applies the term sometimes to signify its praxeological connotation, but more often to signify an ideal type. In the latter case the historian attaches to the word a meaning different from its praxeological meaning; he transforms it by transferring it to a different field of inquiry. The economic concept "entrepreneur" belongs to a stratum other than the ideal type "entrepreneur" as used by economic history and descriptive economics. (On a third stratum lies the legal term "entrepreneur.") The economic term "entrepreneur" is a precisely defined concept which in the framework of a theory of market economy signifies a clearly integrated function.²¹ The historical ideal type "entrepreneur" does not include the same members. Nobody in using it thinks of shoeshine boys, cab drivers who own their cars, small businessmen, and small farmers. What economics establishes with regard to entrepreneurs is rigidly valid for all members of the class without any regard to temporal and geographical conditions and to the various branches of business. What economic history establishes for its ideal types can differ according to the particular circumstances of various ages, countries, branches of business, and many other conditions. History has little use for a general ideal type of entrepreneur. It is more concerned with such types as: the American entrepreneur of the time of Jefferson, Ger-

²¹ See below, pp. 251–55.

man heavy industries in the age of William II, New England textile manufacturing in the last decades preceding the first World War, the Protestant *haute finance* of Paris, self-made entrepreneurs, and so on.

Whether the use of a definite ideal type is to be recommended or not depends entirely on the mode of understanding. It is quite common nowadays to employ two ideal types: Left-Wing Parties (Progressives) and Right-Wing Parties (Fascists). The former includes the Western democracies, some Latin American dictatorships, and Russian Bolshevism; the latter Italian Fascism and German Nazism. This typification is the outcome of a definite mode of understanding. Another mode would contrast Democracy and Dictatorship. Then Russian Bolshevism, Italian Fascism, and German Nazism belong to the ideal type of dictatorial government, and the Western systems to the ideal type of democratic government.

It was a fundamental mistake of the Historical School of *Wirtschaftliche Staatswissenschaften* in Germany and of Institutionalism in America to interpret economics as the characterization of the behavior of an ideal type, the *Homo oeconomicus*. According to this doctrine traditional or orthodox economics does not deal with the behavior of man as he really is and acts, but with a fictitious or hypothetical image. It pictures a being driven exclusively by "economic" motives, i.e., solely by the intention of making the greatest possible material or monetary profit. Such a being, say these critics, does not have and never did have a counterpart in reality; it is a phantom of a spurious armchair philosophy. No man is exclusively motivated by the desire to become as rich as possible; many are not at all influenced by this mean craving. It is vain to refer to such an illusory homunculus in dealing with life and history.

Even if this really were the meaning of classical economics, the *Homo oeconomicus* would certainly not be an ideal type. The ideal type is not an embodiment of one side or aspect of man's various aims and desires. It is always the representation of complex phenomena of reality, either of men, of institutions, or of ideologies.

The classical economists sought to explain the formation of prices. They were fully aware of the fact that prices are not a product of the activities of a special group of people, but the result of an interplay of all members of the market society. This was the meaning of their statement that demand and supply determine the formation of prices. However, the classical economists failed in their endeavors to provide a satisfactory theory of value. They were at a loss to find a solution for the apparent paradox of value. They were puzzled by

the alleged paradox that "gold" is more highly valued than "iron," although the latter is more "useful" than the former. Thus they could not construct a general theory of value and could not trace back the phenomena of market exchange and of production to their ultimate sources, the behavior of the consumers. This shortcoming forced them to abandon their ambitious plan to develop a general theory of human action. They had to satisfy themselves with a theory explaining only the activities of the businessman without going back to the choices of everybody as the ultimate determinants. They dealt only with the actions of businessmen eager to buy in the cheapest market and to sell in the dearest. The consumer was left outside the field of their theorizing. Later the epigones of classical economics explained and justified this insufficiency as an intentional and methodologically necessary procedure. It was, they asserted, the deliberate design of economists to restrict their investigations to only one aspect of human endeavor—namely, to the "economic" aspect. It was their intention to use the fictitious image of a man driven solely by "economic" motives and to neglect all others although they were fully aware of the fact that real men are driven by many other, "noneconomic" motives. To deal with these other motives, one group of these interpreters maintained, is not the task of economics but of other branches of knowledge. Another group admitted that the treatment of these "noneconomic" motives and their influence on the formation of prices was a task of economics also, but they believed that it must be left to later generations. It will be shown at a later stage of our investigations that this distinction between "economic" and "noneconomic" motives of human action is untenable.²² At this point it is only important to realize that this doctrine of the "economic" side of human action utterly misrepresents the teachings of the classical economists. They never intended to do what this doctrine ascribes to them. They wanted to conceive the real formation of prices—not fictitious prices as they would be determined if men were acting under the sway of hypothetical conditions different from those really influencing them. The prices they try to explain and do explain—although without tracing them back to the choices of the consumers—are real market prices. The demand and supply of which they speak are real factors determined by all motives instigating men to buy or to sell. What was wrong with their theory was that they did not trace demand back to the choices of the consumers; they lacked a satisfactory theory of demand. But it was not their idea that demand as they used this concept in their dissertations was exclusively

²² See below, pp. 232–34 and 239–44.

determined by "economic" motives as distinguished from "noneconomic" motives. As they restricted their theorizing to the actions of businessmen, they did not deal with the motives of the ultimate consumers. Nonetheless their theory of prices was intended as an explanation of real prices irrespective of the motives and ideas instigating the consumers.

Modern subjective economics starts with the solution of the apparent paradox of value. It neither limits its theorems to the actions of businessmen alone nor deals with a fictitious *Homo oeconomicus*. It treats the inexorable categories of everybody's action. Its theorems concerning commodity prices, wage rates, and interest rates refer to all these phenomena without any regard to the motives causing people to buy or to sell or to abstain from buying or selling. It is time to discard entirely any reference to the abortive attempt to justify the shortcoming of older economists through the appeal to the *Homo oeconomicus* phantom.

10 The Procedure of Economics

The scope of praxeology is the explication of the category of human action. All that is needed for the deduction of all praxeological theorems is knowledge of the essence of human action. It is a knowledge that is our own because we are men; no being of human descent that pathological conditions have not reduced to a merely vegetative existence lacks it. No special experience is needed in order to comprehend these theorems, and no experience, however rich, could disclose them to a being who did not know *a priori* what human action is. The only way to a cognition of these theorems is logical analysis of our inherent knowledge of the category of action. We must bethink ourselves and reflect upon the structure of human action. Like logic and mathematics, praxeological knowledge is in us; it does not come from without.

All the concepts and theorems of praxeology are implied in the category of human action. The first task is to extract and to deduce them, to expound their implications and to define the universal conditions of acting as such. Having shown what conditions are required by any action, one must go further and define—of course, in a categorial and formal sense—the less general conditions required for special modes of acting. It would be possible to deal with this second task by delineating all thinkable conditions and deducing from them all inferences logically permissible. Such an all-comprehensive system would provide a theory referring not only to human action as it is under the conditions and circumstances given in the real world in

which man lives and acts. It would deal no less with hypothetical acting such as would take place under the unrealizable conditions of imaginary worlds.

But the end of science is to know reality. It is not mental gymnastics or a logical pastime. Therefore praxeology restricts its inquiries to the study of acting under those conditions and presuppositions which are given in reality. It studies acting under unrealized and unrealizable conditions only from two points of view. It deals with states of affairs which, although not real in the present and past world, could possibly become real at some future date. And it examines unreal and unrealizable conditions if such an inquiry is needed for a satisfactory grasp of what is going on under the conditions present in reality.

However, this reference to experience does not impair the aprioristic character of praxeology and economics. Experience merely directs our curiosity toward certain problems and diverts it from other problems. It tells us what we should explore, but it does not tell us how we could proceed in our search for knowledge. Moreover, it is not experience but thinking alone which teaches us that, and in what instances, it is necessary to investigate unrealizable hypothetical conditions in order to conceive what is going on in the real world.

The disutility of labor is not of a categorial and aprioristic character. We can without contradiction think of a world in which labor does not cause uneasiness, and we can depict the state of affairs prevailing in such a world.²³ But the real world is conditioned by the disutility of labor. Only theorems based on the assumption that labor is a source of uneasiness are applicable for the comprehension of what is going on in this world.

Experience teaches that there is disutility of labor. But it does not teach it directly. There is no phenomenon that introduces itself as disutility of labor. There are only data of experience which are interpreted, on the ground of aprioristic knowledge, to mean that men consider leisure—i.e., the absence of labor—other things being equal, as a more desirable condition than the expenditure of labor. We see that men renounce advantages which they could get by working more—that is, that they are ready to make sacrifices for the attainment of leisure. We infer from this fact that leisure is valued as a good and that labor is regarded as a burden. But for previous praxeological insight, we would never be in a position to reach this conclusion.

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

²³ See below, pp. 131–33.

is practiced. In a world of barter trade only it would be mere intellectual play. It is unlikely that the economists of such a world, if economic science could have emerged at all in it, would have given any thought to the problems of indirect exchange, money, and all the rest. In our actual world, however, such studies are an essential part of economic theory.

The fact that praxeology, in fixing its eye on the comprehension of reality, concentrates upon the investigation of those problems which are useful for this purpose, does not alter the aprioristic character of its reasoning. But it marks the way in which economics, up to now the only elaborated part of praxeology, presents the results of its endeavors.

Economics does not follow the procedure of logic and mathematics. It does not present an integrated system of pure aprioristic ratiocination severed from any reference to reality. In introducing assumptions into its reasoning, it satisfies itself that the treatment of the assumptions concerned can render useful services for the comprehension of reality. It does not strictly separate in its treatises and monographs pure science from the application of its theorems to the solution of concrete historical and political problems. It adopts for the organized presentation of its results a form in which aprioristic theory and the interpretation of historical phenomena are intertwined.

It is obvious that this mode of procedure is enjoined upon economics by the very nature and essence of its subject matter. It has given proof of its expediency. However, one must not overlook the fact that the manipulation of this singular and logically somewhat strange procedure requires caution and subtlety, and that uncritical and superficial minds have again and again been led astray by careless confusion of the two epistemologically different methods implied.

There are no such things as a historical method of economics or a discipline of institutional 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.²⁴

The issue has been obfuscated by the endeavors of governments

²⁴ Cf. F. H. Knight, *The Ethics of Competition and Other Essays* (New York, 1935), p. 139.

and powerful pressure groups to disparage economics and to defame the economists. Despots and democratic majorities are drunk with power. They must reluctantly admit that they are subject to the laws of nature. But they reject the very notion of economic law. Are they not the supreme legislators? Don't they have the power to crush every opponent? No war lord is prone to acknowledge any limits other than those imposed on him by a superior armed force. Servile scribblers are always ready to foster such complacency by expounding the appropriate doctrines. They call their garbled presumptions "historical economics." In fact, economic history is a long record of government policies that failed because they were designed with a bold disregard for the laws of economics.

It is impossible to understand the history of economic thought if one does not pay attention to the fact that economics as such is a challenge to the conceit of those in power. An economist can never be a favorite of autocrats and demagogues. With them he is always the mischief-maker, and the more they are inwardly convinced that his objections are well founded, the more they hate him.

In the face of all this frenzied agitation it is expedient to establish the fact that the starting point of all praxeological and economic reasoning, the category of human action, is proof against any criticisms and objections. No appeal to any historical or empirical considerations whatever can discover any fault in the proposition that men purposefully aim at certain chosen ends. No talk about irrationality, the unfathomable depths of the human soul, the spontaneity of the phenomena of life, automatisms, reflexes, and tropisms, can invalidate the statement that man makes use of his reason for the realization of wishes and desires. From the unshakable foundation of the category of human action praxeology and economics proceed step by step by means of discursive reasoning. Precisely defining assumptions and conditions, they construct a system of concepts and draw all the inferences implied by logically unassailable ratiocination. With regard to the results thus obtained only two attitudes are possible: either one can unmask logical errors in the chain of the deductions which produced these results, or one must acknowledge their correctness and validity.

It is vain to object that life and reality are not logical. Life and reality are neither logical nor illogical; they are simply given. But logic is the only tool available to man for the comprehension of both. It is vain to object that life and history are inscrutable and ineffable and that human reason can never penetrate to their inner core. The critics contradict themselves in uttering words about the ineffable and

expounding theories—of course, spurious theories—about the unfathomable. There are many things beyond the reach of the human mind. But as far as man is able to attain any knowledge, however limited, he can use only one avenue of approach, that opened by reason.

No less illusory are the endeavors to play off understanding against the theorems of economics. The domain of historical understanding is exclusively the elucidation of those problems which cannot be entirely elucidated by the nonhistorical sciences. Understanding must never contradict the theories developed by the nonhistorical sciences. Understanding can never do anything but, on the one hand, establish the fact that people were motivated by certain ideas, aimed at certain ends, and applied certain means for the attainment of these ends, and, on the other hand, assign to the various historical factors their relevance so far as this cannot be achieved by the nonhistorical sciences. Understanding does not entitle the modern historian to assert that exorcism ever was an appropriate means to cure sick cows. Neither does it permit him to maintain that an economic law was not valid in ancient Rome or in the empire of the Incas.

Man is not infallible. He searches for truth—that is, for the most adequate comprehension of reality as far as the structure of his mind and reason makes it accessible to him. Man can never become omniscient. He can never be absolutely certain that his inquiries were not misled and that what he considers as certain truth is not error. All that man can do is to submit all his theories again and again to the most critical reexamination. This means for the economist to trace back all theorems to their unquestionable and certain ultimate basis, the category of human action, and to test by the most careful scrutiny all assumptions and inferences leading from this basis to the theorem under examination. It cannot be contended that this procedure is a guarantee against error. But it is undoubtedly the most effective method of avoiding error.

Praxeology—and consequently economics too—is a deductive system. It draws its strength from the starting point of its deductions, from the category of action. No economic theorem can be considered sound that is not solidly fastened upon this foundation by an irrefutable chain of reasoning. A statement proclaimed without such a connection is arbitrary and floats in midair. It is impossible to deal with a special segment of economics if one does not encase it in a complete system of action.

The empirical sciences start from singular events and proceed from the unique and individual to the more universal. Their treatment is subject to specialization. They can deal with segments without pay-

ing attention to the whole field. The economist must never be a specialist. In dealing with any problem he must always fix his glance upon the whole system.

Historians often sin in this respect. They are ready to invent theorems ad hoc. They sometimes fail to recognize that it is impossible to abstract any causal relations from the study of complex phenomena. Their pretension to investigate reality without any reference to what they disparage as preconceived ideas is vain. In fact they unwittingly apply popular doctrines long since unmasked as fallacious and contradictory.

11 The Limitations on Praxeological Concepts

The praxeological categories and concepts are devised for the comprehension of human action. They become self-contradictory and nonsensical if one tries to apply them in dealing with conditions different from those of human life. The naïve anthropomorphism of primitive religions is unpalatable to the philosophic mind. However, the endeavors of philosophers to define, by the use of praxeological concepts, the attributes of an absolute being, free from all the limitations and frailties of human existence, are no less questionable.

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. He is above all human comprehension, concepts, and understanding. For the almighty being every “means” renders unlimited services, he can apply every “means” for the attainment of any ends, he can achieve every end without the employment of any means. It is beyond the faculties of the human mind to think the concept of almighty consistently to its ultimate logical consequences. The paradoxes are insoluble. Has the almighty being

the power to achieve something which is immune to his later interference? If he has this power, then there are limits to his might and he is no longer almighty; if he lacks this power, he is by virtue of this fact alone not almighty.

Are omnipotence and omniscience compatible? Omniscience presupposes that all future happenings are already unalterably determined. If there is omniscience, omnipotence is inconceivable. Impotence to change anything in the predetermined course of events would restrict the power of any agent.

Action is a display of potency and control that are limited. It is a manifestation of man who is restrained by the circumscribed powers of his mind, the physiological nature of his body, the vicissitudes of his environment, and the scarcity of the external factors on which his welfare depends. It is vain to refer to the imperfections and weaknesses of human life if one aims at depicting something absolutely perfect. The very idea of absolute perfection is in every way self-contradictory. The state of absolute perfection must be conceived as complete, final, and not exposed to any change. Change could only impair its perfection and transform it into a less perfect state; the mere possibility that a change can occur is incompatible with the concept of absolute perfection. But the absence of change—i.e., perfect immutability, rigidity and immobility—is tantamount to the absence of life. Life and perfection are incompatible, but so are death and perfection.

The living is not perfect because it is liable to change; the dead is not perfect because it does not live.

The language of living and acting men can form comparatives and superlatives in comparing degrees. But absoluteness is not a degree; it is a limiting notion. The absolute is indeterminable, unthinkable and ineffable. It is a chimerical conception. There are no such things as perfect happiness, perfect men, eternal bliss. Every attempt to describe the conditions of a land of Cockaigne, or the life of the Angels, results in paradoxes. Where there are conditions, there are limitations and not perfection; there are endeavors to conquer obstacles, there are frustration and discontent.

After the philosophers had abandoned the search for the absolute, the utopians took it up. They weave dreams about the perfect state. They do not realize that the state, the social apparatus of compulsion and coercion, is an institution to cope with human imperfection and that its essential function is to inflict punishment upon minorities in order to protect majorities against the detrimental consequences of certain actions. With "perfect" men there would not be any need for

compulsion and coercion. But utopians do not pay heed to human nature and the inalterable conditions of human life. Godwin thought that man might become immortal after the abolition of private property.²⁵ Charles Fourier babbled about the ocean containing lemonade instead of salt water.²⁶ Marx's economic system blithely ignored the fact of the scarcity of material factors of production. Trotsky revealed that in the proletarian paradise "the average human type will rise to the heights of an Aristotle, a Goethe, or a Marx. And above this ridge new peaks will rise."²⁷

Nowadays the most popular chimeras are stabilization and security. We will test these catchwords later.

25. William Godwin, *An Enquiry Concerning Political Justice and Its Influence on General Virtue and Happiness* (Dublin, 1793), II, 393–403.

26. Charles Fourier, *Théorie des quatre mouvements* (Oeuvres complètes, 3d ed., Paris, 1846), I, 43.

27. Leon Trotsky, *Literature and Revolution*, trans. by R. Strunsky (London, 1925), p. 256.