

CARL MENGER

**INVESTIGATIONS INTO THE
METHOD OF THE SOCIAL SCIENCES
WITH SPECIAL REFERENCE
TO ECONOMICS**

*Formerly published under the title:
**PROBLEMS OF ECONOMICS
AND SOCIOLOGY***

(Untersuchungen über die Methode der Socialwissenschaften
und der Politischen Oekonomie insbesondere)

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INTRODUCTION TO THE NEW YORK UNIVERSITY PRESS EDITION

It is a rare book in economics that deserves to be translated into English as much as eighty years after its initial publication. The book that actually receives such attention after so many years almost *ipso facto* qualifies as a classic.¹ Carl Menger's *Untersuchungen über die Methode der Socialwissenschaften und der Politischen Ökonomie Insbesondere* of 1883 clearly merited the translation that it finally received in 1963 (under the title *Problems of Economics and Sociology*²), for there is no doubt about its preeminence as a treatment of vital methodological issues in economics. When this translation fell out of print in recent years, the Institute for Humane Studies and the New York University Press became naturally eager to reissue it as part of their series of Studies in Economic Theory. This series includes the 1981 edition of Menger's only other book-length work, *Principles of Economics*, which was first published in 1871. Thus the *Investigations* takes its well-deserved place alongside the *Principles* as a classic of economic thought enjoying a second century of life in a new language.

The republication of the *Investigations* today is especially appropriate in light of the interest that economists have recently been taking in this work, in the writings of Carl Menger generally, and (still

¹ Beside the present work the only examples that come to mind of works translated into English after eighty years are both classics: Richard Cantillon, *Essai sur la Nature du Commerce en General* (1752) in 1933, and Hermann Heinrich Gossen, *Entwickelung der Gesetze des Menschlichen Verkehrs* (1845) in 1983.

Menger's own *Grundsätze der Volkswirtschaftslehre* (1871) also a classic, went 79 years before an English translation appeared.

² Carl Menger, *Problems of Economics and Sociology* (Urbana: University of Illinois Press, 1963). The present title attempts to render literally the wording of the original German title.

The Analogy Between Social Phenomena and
Natural Organisms: Its Limits, and the
Methodological Points of View for
Social Research Resulting Therefrom

§1. The theory of the analogy between social phenomena and natural organisms

The normal function of organisms is conditioned by the function of their parts (organs), and these in turn are conditioned by the combination of the parts to form a higher unit, or by the normal function of the other organs.—A similar observation about social phenomena.—Organisms exhibit a purposefulness of their parts in respect to the function of the whole unit, a purposefulness which is not the result of human calculation, however.—Analogous observation about social phenomena.—The idea of an anatomical-physiological orientation of research in the realm of the social sciences results as a methodological consequence of these analogies between social structures and natural organisms.

There exists a certain similarity between natural organisms and a series of structures of social life, both in respect to their function and to their origin.

In natural organisms we can observe a complexity almost incalculable in detail, and especially a great variety of their parts (single organs). All this variety, however, is helpful in the preservation, development, and the propagation of the organisms as *units*. Each part of them has its specific function in respect to this result. The disturbance of this function, accord-

ing to its intensity or the significance of the organ concerned, results in a more or less intensive disturbance of the function of the whole organism, or of the other organs. Conversely a disturbance of the connection of the organs forming a higher unit has a similar reaction on the nature and the function of the individual organs. The normal function and development of the unit of an organism are thus conditioned by those of its parts; the latter in turn are conditioned by the connection of the parts to form a higher unit; and finally the normal function and development of each single organ are conditioned by those of the remaining organs.

We can make an observation similar in many respects in reference to a series of social phenomena in general and human economy in particular. Here, too, in numerous instances, phenomena present themselves to us, the parts of which are helpful in the preservation, the normal functioning, and the development of the unit, even conditioning these. Their normal nature and normal function in turn are conditioned and influenced by the function of the unit, and in such a way that the unit cannot be imagined in its normal appearance and function without some essential part or other. Nor, conversely, can such a part be imagined in its normal nature and function when separated from the unit. It is obvious that we have here a certain analogy between the *nature and the function* of natural organisms on the one hand and social structures on the other.

The same is true with respect to the *origin* of a series of social phenomena. Natural organisms almost without exception exhibit, when closely observed, a really admirable functionality of all parts with respect to the whole, a functionality which is not, however, the result of human *calculation*, but of a *natural process*. Similarly we can observe in numerous social institutions a strikingly apparent functionality with respect to the whole. But with closer consideration they still do not prove to be the result of an *intention aimed at this purpose*, i.e., the result of an agreement of members of society or of positive legislation. They, too, present themselves to us rather as "natural" products (in a certain sense), as *unintended results of historical development*. One needs, e.g., only to think of the phenomenon of money, an institution which to so great a measure serves the welfare of society, and yet in most nations, by far, is by no means the result of an agreement directed at its establishment as a social institution, or of positive legislation, but is the unintended product of historical development. One needs only to think of law, of language, of the origin of markets, the origin of communities and of states, etc.

Now if social phenomena and natural organisms exhibit analogies with respect to their nature, their origin, and their function, it is at once clear that this fact cannot remain without influence on the method of research in the field of the social sciences in general and economics in particular.

Anatomy is the science of the empirical forms of organisms and the structure of their parts (the organs); *physiology* is the theoretical science which apprises us of the vital phenomena of organisms and the functions of their parts (organs) with respect to the preservation and development of the organisms in their totality. Now if state, society, economy, etc., are conceived of as organisms, or as structures analogous to them, the notion of following directions of research in the realm of social phenomena similar to those followed in the realm of organic nature readily suggests itself. The above analogy leads to the idea of theoretical social sciences analogous to those which are the result of theoretical research in the realm of the physico-organic world, to the conception of an *anatomy* and *physiology* of "social organisms" of state, society, economy, etc.

In the preceding discussion we have presented the basic ideas of the theory of the analogy of social phenomena and natural organisms, an analogy which, as is well known, was already drawn by Plato and Aristotle in the political sciences. We have pointed out the two factors with respect to which this analogy is acknowledged in modern scientific literature. Not that the totality of the parallelisms between the above two groups of phenomena is exhausted with this. However, we do, indeed, believe that in the foregoing we have presented the nucleus of the above theory in the form and in the sense in which it is expounded by the most careful and most reflective writers on this subject.

§2. The limits of the justification of the analogy between natural organisms and social phenomena

The analogy of social phenomena and natural organisms refers only to a part of the former, namely, to those which are the unintended product of historical development. The rest are the result of human calculation and thus are not comparable to *organisms*, but to *mechanisms*. At any rate, the above analogy is thus not universal.—Even where it comes into question, it is not an analogy that covers the entire nature of the phenomena concerned, but only certain aspects of them. In this respect it is again only a partial analogy.—Moreover, it has not come from a clear cognition of the nature of natural organisms and of social structures, but from a vague, even rather superficial feeling.

The widespread dissemination which the previously mentioned, so-called organic, way of looking at social structures in the social

science literature of all nations has enjoyed is at any rate an eloquent proof that, in the two respects stressed above, a striking, even if perhaps superficial, similarity exists between social phenomena and natural organisms.

Nonetheless, only that complete prejudice of preconceived opinion which sacrifices interest in all other aspects of the objects of scientific observation for interest in particular individual aspects could fail to recognize two things:⁴⁵

First, that only a part of social phenomena exhibit an analogy to natural organisms.

A large number of social structures are not the result of a natural process, in whatever sense this may be thought of. They are the result of a purposeful activity of humans directed toward their establishment and development (the result of the agreement of the members of society or of positive legislation). Social phenomena of this type, too, usually exhibit a purposefulness of their parts with respect to the whole. But this is not the consequence of a natural "organic" process, but *the result of human calculation which makes a multiplicity of means serve one end*. Thus we cannot properly speak of an "organic" nature or origin of these social phenomena which, even if an analogy does come into question, are not analogous to *organisms* but to *mechanisms*.⁴⁶

Second, that the analogy between social phenomena and natural organisms, even where it comes into question according to the previous discussion, is not a complete one, comprising all aspects of the nature of the phenomena concerned. Rather, it is merely one which is limited to the factors stressed in the previous section, and even in this respect it is an inexact one.

This holds true first of the analogy which is supposed to exist between the two groups of phenomena under discussion here with regard to the normal nature and the normal function of the whole being conditioned by the parts and of the parts by the whole. There is a view that the parts of

"Not only *organisms*, but also *mechanisms*, show a purposefulness of their parts with respect to the whole, and not only in the former, but also in the latter, the normal function of the unit is conditioned by the normal condition of the parts. The organism is distinguished from the mechanism by the fact that on the one hand it is not, like the latter, a product of human calculation but of a natural process. On the other hand its individual part (each organ) is conditioned not only in its normal *function*, but also in its normal *nature* by the connection of the parts to form a higher unit (the organism in its totality) and by the normal nature of the other parts (the organs). This is by no means the case with a mechanism."

* The author labels only two by number, and I have accordingly changed "three" to "two" here. F.J.N.

a whole and the whole itself are mutually *cause* and *effect* simultaneously (that a *mutual causation* takes place), a view which has frequently taken root in the organic orientation of social research.⁴⁷ It is a view so vague and inadequate for our laws of thinking that we will scarcely err if we designate it as eloquent testimony that our age in many respects still lacks a deeper understanding of the nature of natural organisms as well as of that of social phenomena. The above analogy, therefore, is by no means one which is based upon a full insight into the nature of the phenomena under discussion here, but upon the vague feeling of a certain similarity of the function of natural organisms and that of a part of social structures. It is clear that an analogy of this kind cannot be a satisfactory basis for an orientation of research striving for the deepest understanding of social phenomena.

To a much greater extent this is true of the analogy which is assumed between the *origin* of the two groups of phenomena under discussion here, an analogy which has led to the greatest variety of theories about the "*organic origin*" of social phenomena. Here the inadmissibility of the analogy is obvious.

Natural organisms are composed of elements which serve the function of the unit in a thoroughly mechanical way. They are the result of purely causal processes, of the mechanical play of natural forces. The so-called *social organisms*, on the contrary, simply cannot be viewed and interpreted as the product of purely mechanical force effects. They are, rather, the result of human efforts, the efforts of thinking, feeling, acting human beings. Thus, if we can speak at all of an "*organic origin*" of social structures, or, more correctly, of a part of these, this can merely refer to one circumstance. This is that some social phenomena are the results of a *common will* directed toward their establishment (agreement, positive legislation, etc.), while others are the unintended result of human efforts aimed at attaining essentially *individual* goals (the unintended results of these). In the first case social phenomena result from the *common will* directed toward their establishment (they are its *intended products*). In the second case social phenomena come about as the unintended result of individual human efforts (pursuing *individual interests*) without a *common will* directed toward their establishment. Only this circumstance, recognized up to now only very imperfectly (but by no means, for instance, an objectively based, strict analogy to the natural organisms!), gave occasion to designate the cause of the last mentioned social phenomena (resulting *unintentionally*) as "*original*," "*natural*," or even "*organic*," in contrast to the cause of those mentioned first (established intentionally, by the *common will*).

⁴⁷ Cf. Roscher, *System*, I, §13, especially note 5.

The so-called "organic" origin of a part of social phenomena, that process of forming social structures which we designate with this expression, thus truly exhibits *essential* differences from the process to which natural organisms owe their origin. For these differences are not of the type that can also be perceived between natural organisms. The difference in the above respect turns out, rather, to be a fundamental one, like that between mechanical force and human will, between the results of mechanical force effect and purposeful activity of the individual human.

Also that part of the social structures in reference to which the analogy with natural organisms comes in question at all exhibits this analogy, therefore, only in certain respects. Even in these respects it only exhibits an analogy which must be designated in part as vague, in part really as extremely superficial and inexact.

§3. The methodological principles resulting for social research from the incompleteness of the analogy between social phenomena and natural organisms

Along with the so-called "organic" interpretation of social phenomena the pragmatic one is indispensable.—Even where the former seems adequate to the situation it can lead us only to the understanding of certain aspects of social phenomena, but not of these in their totality.—Even in respect to the former the "organic" understanding of social phenomena can still not be the result of a mechanical application to social phenomena of the methods and results of research in the realm of natural organisms. On the contrary, the so-called "organic" interpretation of social phenomena can in truth be only a specifically sociological one.—Errors into which a number of social philosophers have fallen in respect to the organic view of social phenomena.—The analogy of the two above groups of phenomena as means of *presentation*.

If the analogy between social phenomena and natural organisms were a perfect one, as is assumed on the part of a number of social philosophers, if social structures were really organisms, then this circumstance would without doubt be of decisive significance for the methodology of the social sciences. The methods of those natural sciences which are concerned with research in the organic world, anatomy and physiology in particular, would then, of course, at the same time be those of the social sciences in general and of economics in particular.

The circumstance that the above analogy refers to only a portion of social phenomena and furthermore is in respect to these a merely partial and superficial one excludes a priori the above logical consequence. The basic theoretical principles resulting from the preceding investigations are, rather, the following:

1. The so-called organic understanding of social phenomena can first and foremost be adequate for only a portion of them, in any case, namely for those which present themselves to us not as the result of agreement, of legislation, of the common will in general. *The organic view cannot be a universal means of consideration*; the organic understanding of social phenomena cannot be the universal goal of theoretical research in the field of the latter. Rather, for the understanding of social phenomena in their entirety the *pragmatic* interpretation is, in any case, just as indispensable as the "organic."

2. Even where social phenomena do not refer back to a pragmatic origin, the analogy between them and natural organisms is not a universal one comprising the totality of their nature. It is, rather, one which refers merely to certain aspects of their nature (their function and their origin), and therefore the organic interpretation *per se* cannot alone provide us with an all-round understanding of them. For this, rather, still other orientations of theoretical research are necessary which have no relation at all to the so-called organic view of social phenomena.

The theoretical social sciences have to present to us the general nature and the general connection of social phenomena at large and of social phenomena in particular fields (e.g., in the economic field). They fulfill this task among other ways by making us understand partial social phenomena in their meaning and function for the whole of social structures. The problem under discussion here comprises, however, the totality of the tasks of theoretical social sciences just as little as the analogous problem in the realm of natural organisms comprises the totality of the scientific tasks in the field of natural research. Even if the justification of the so-called organic orientation of research in the above sense is acknowledged, nonetheless the determination of the laws of the coexistence and succession of social phenomena *in general* remains the task of the theoretical social sciences. The determination of the laws of their reciprocal conditioning remains just a special branch of social research.

3. But even in those respects in which the analogies discussed here seem to be present when viewed superficially, they are not strict ones. Above all they are not based on a clear insight into the nature of social phenomena on the one hand and of natural organisms on the other. They accordingly cannot be the basis of a methodology of the social sciences in

general, nor even one of any special orientations of social research. The mechanical application of the methods of anatomy and of physiology to the social sciences is therefore not permissible even within the narrow limits indicated above.

The so-called "organic" interpretation could at any rate be adequate only for a part of social phenomena, and only in consideration of certain aspects of their nature. Also, in this consideration it must not simply be borrowed from the natural sciences, but must be the result of independent investigation into the nature of social phenomena and the special aims of research in the realm of the latter. The method of the social sciences in general and of political economy in particular cannot at all be a physiological or an anatomical one. But even where it is a matter of sociological problems which have a certain superficial similarity to those of physiology and anatomy, it cannot be a method simply borrowed from physiology or anatomy, but only a *sociological*⁴⁷ one in the strictest understanding of this word. The application of the results of physiological and anatomical research by analogy to political economy⁴⁸ is, however, such nonsense that no one trained methodologically would even consider it worthy of a serious refutation.

⁴⁷ Those who simply incorporate into the social sciences the results of anatomy and physiology are victims of a similar error, even if they do not do it by way of a mechanical analogy, but seek to prove a thorough, *real* analogy between natural and so-called social organisms by all kinds of synthetic and tortuous interpretations—all this in the expectation of attaining an (organic) understanding of social phenomena in this way. Scholars of this type do not investigate the nature of social phenomena, not *their* nature and *their* origin, in order to point out occasionally single striking analogies between the above two groups of phenomena. Rather, they start with the preconceived opinion of a thoroughly *real* analogy between natural and so-called social organisms and now look for the basis of the opinion presupposed by them with maximum effort, occasionally even with the sacrifice of all scientific impartiality. This orientation of research is as valueless as the one previously characterized, with which it exhibits not only a superficial similarity but with which, in the practice of research, it even combines regularly. Cf. recently H. C. Carey, *The Unity of Law* (Philadelphia, 1872); P. v. Lilienfeld, *Gedanken über die Socialwissenschaft der Zukunft* (1875-81), V; Schäffle, *Bau und Leben des sozialen Körpers. Encyclopädischer Entwurf einer realen Anatomie, Physiologie und Psychologie der menschlichen Gesellschaft, mit besonderer Rücksicht auf die Volkswirtschaft als sozialen Stoffwechsel* (Tübingen, 1875-78), IV. Also his "Ueber den Begriff der Person nach Gesichtspunkten der Gesellschaftslehre," *Tübing. Zeitschrift für die ges. Staatswissenschaften* (1875), p. 183 ff.; "Der collective Kampf ums Dasein. Zum Darwinismus vom Standpunkte der Gesellschaftslehre," *ibid.* (1876), p. 89 ff. and p. 243 ff. and (1879), p. 234 ff.; "Zur Lehre von den sozialen Stützorganen und ihren Functionen," *ibid.* (1878), p. 45 ff.

⁴⁸ Here and at other points Menger actually says *socialwissenschaftliche* ("social-scientific") but this has been rendered as "sociological" to eliminate the awkwardness of the alternative in English. L.S.

The above errors are obviously no different from those of a physiologist or anatomist who wants to apply the laws and methods of economics uncritically to his science or who wants to interpret the functions of the human body by the economic theories prevailing at the moment: for instance, the circulation of the blood by one of the prevailing theories of the circulation of money or the traffic in goods; digestion by one of the prevailing theories of the consumption of goods; the nervous system by a description of telegraphy; the function of the individual organs of the human body by the function of the various social classes, etc. Our physiologists and anatomists in the field of economy deserve the same reproach to which a natural scientist of the "economic orientation" would expose himself with all serious professional contemporaries. Anyone who is acquainted with the state of the natural sciences, which even today is extremely imperfect as far as they have reference to the organic world, really cannot help noticing the humor in the effort, often practiced with an expenditure of incredible ingenuity, to explain the unknown by what is not infrequently still more unknown.⁴⁹

Thus there seems to be no doubt that play with analogies between natural organisms and social phenomena, and especially the mechanical application of research results in one realm of phenomena to sciences which are supposed to open up a theoretical understanding of other realms of the empirical world, is a methodological procedure which scarcely deserves a serious refutation. Yet I should still not like in any way to deny the value of certain analogies between natural organisms and social phenomena for certain purposes of *presentation*. Analogy in the above sense, as method of *research*, is an unscientific aberration. As means for *presentation* it still may prove useful for certain purposes and certain stages of knowledge of social phenomena. The best minds have not infrequently attempted to explain the nature of social phenomena to their contemporaries by means of comparisons with organic structures. That was particularly true in epochs in which such procedure was still more foreign to the mind of the people than in our days. It remains to be seen whether such images have not already become obsolete, at least for purposes of scientific presentation, with the present-day development of the social sciences. But they definitely are to be rejected where what is supposed to be only a means of presentation appears as a means of research and the analogy is drawn not only where it corresponds to real conditions, but really becomes

⁴⁹ Cf. Fr. J. Neumann's remarks opposed to this orientation in Schönberg's *Handbuch der Pol. Oek.*, I, p. 114 ff. and Krohn, "Beiträge zur Kenntnis und Würdigung der Sociologie," *Jena'er Jahrb. f. Nation u. Statist.*, XXXV, p. 433 ff. and XXXVII, p. 1 ff.

a principle and a universal trend of research. Also for the adherents of this orientation the author of *Inquiry into the Nature and Causes of the Wealth of Nations* has an excellent word:^g "and with whom, on that account, the analogy, which in other writers gives occasion to a few ingenious similitudes, became the great hinge upon which everything turned."⁵⁰

^g A. Smith: "History of Astronomy," in his *Essays on Philos. Subjects*, published by Dugald Stewart, p. 29 of the Basel edition of 1799.

The actual English is taken from the 1795 edition published in London by Codell, Davies and Creech. The German of the text does not quite faithfully render this. It reads as if Smith had written "becomes with writers of the above type the hinge," and there is no German equivalent to "and with whom, on that account." F.J.N.

The Theoretical Understanding of Those Social Phenomena Which Are Not a Product of Agreement or of Positive Legislation, but Are Unintended Results of Historical Development

§ 1. That the acknowledgment of social phenomena as organic structures by no means excludes the striving for the exact (the atomistic) understanding of them

The theoretical understanding of *natural* organisms, too, can be twofold: an exact one (atomistic, chemical-physical) or an empirical-realistic one (collectivistic, specifically anatomical-physiological).—The exact understanding of natural organisms is not only desired in the natural sciences, but signifies an advance over the empirical-realistic understanding.—The exact understanding of social phenomena or of a part thereof can, accordingly, not be inadmissible because the phenomena concerned are viewed as so-called "social organisms."—The circumstance that the exact understanding of natural organisms and of their functions has been successful only in part up to now does not prove that this goal is unattainable in respect to the so-called social organisms.—The theory that "organisms" are indivisible units and their functions are vital expressions of these structures in their totality does not establish an objection to the exact (the atomistic!) orientation of theoretical research either in the realm of natural or of so-called social organisms.—The exact orientation of social research does not deny the real unity of social organisms; it seeks, rather, to explain their nature and origin in an exact way.—Just as little does it deny the justification for the empirical-realistic orientation of research in the realm of the above phenomena.