INTRODUCTION

1. Economics and Praxeology

ECONOMICS IS the youngest of all sciences. In the last two hundred years, it is true, many new sciences have emerged from the disciplines familiar to the ancient Greeks. However, what happened here was merely that parts of knowledge which had already found their place in the complex of the old system of learning now became autonomous. The field of study was more nicely subdivided and treated with new methods; hitherto unnoticed provinces were discovered in it, and people began to see things from aspects different from those of their precursors. The field itself was not expanded. But economics opened to human science a domain previously inaccessible and never thought of. The discovery of a regularity in the sequence and interdependence of market phenomena went beyond the limits of the traditional system of learning. It conveyed knowledge which could be regarded neither as logic, mathematics, psychology, physics, nor biology.

Philosophers had long since been eager to ascertain the ends which God or Nature was trying to realize in the course of human history. They searched for the law of mankind's destiny and evolution. But even those thinkers whose inquiry was free from any theological tendency failed utterly in these endeavors because they were committed to a faulty method. They dealt with humanity as a whole or with other holistic concepts like nation, race, or church. They set up quite arbitrarily the ends to which the behavior of such wholes is bound to lead. But they could not satisfactorily answer the question regarding what factors compelled the various acting individuals to behave in such a way that the goal aimed at by the whole's inexorable evolution was attained. They had recourse to desperate shifts: miraculous interference of the Deity either by revelation or by the delegation of God-sent prophets and consecrated leaders, preestablished harmony, predestination, or the operation of a mystic and fabulous "world soul" or "national soul." Others spoke of a "cunning of nature" which implanted in man impulses driving him unwittingly along precisely the path Nature wanted him to take.

Other philosophers were more realistic. They did not try to guess the designs of Nature or God. They looked at human things from the viewpoint of government. They were intent upon establishing rules of political action, a technique, as it were, of government and statesmanship. Speculative minds drew ambitious plans for a thorough reform and reconstruction of society. The more modest were satisfied with a collection and systematization of the data of historical experience. But all were fully convinced that there was in the course of social events no such regularity and invariance of phenomena as had already been found in the operation of human reasoning and in the sequence of natural phenomena. They did not search for the laws of social cooperation because they thought that man could organize society as he pleased. If social conditions did not fulfill the wishes of the reformers, if their utopias proved unrealizable, the fault was seen in the moral failure of man. Social problems were considered ethical problems. What was needed in order to construct the ideal society, they thought, were good princes and virtuous citizens. With righteous men any utopia might be realized.

The discovery of the inescapable interdependence of market phenomena overthrew this opinion. Bewildered, people had to face a new view of society. They learned with stupefaction that there is another aspect from which human action might be viewed than that of good and bad, of fair and unfair, of just and unjust. In the course of social events there prevails a regularity of phenomena to which man must adjust his actions if he wishes to succeed. It is futile to approach social facts with the attitude of a censor who approves or disapproves from the point of view of quite arbitrary standards and subjective judgments of value. One must study the laws of human action and social cooperation as the physicist studies the laws of nature. Human action and social cooperation seen as the object of a science of given relations, no longer as a normative discipline of things that ought to be—this was a revolution of tremendous consequences for knowledge and philosophy as well as for social action.

For more than a hundred years, however, the effects of this radical change in the methods of reasoning were greatly restricted because people believed that they referred only to a narrow segment of the total field of human action, namely, to market phenomena. The classical economists met in the pursuit of their investigations an obstacle which they failed to remove, the apparent antinomy of value. Their theory of value was defective, and forced them to restrict the scope of their science. Until the late nineteenth century political

economy remained a science of the "economic" aspects of human action, a theory of wealth and selfishness. It dealt with human action only to the extent that it is actuated by what was —very unsatisfactorily—described as the profit motive, and it asserted that there is in addition other human action whose treatment is the task of other disciplines. The transformation of thought which the classical economists had initiated was brought to its consummation only by modern subjectivist economics, which converted the theory of market prices into a general theory of human choice.

For a long time men failed to realize that the transition from the classical theory of value to the subjective theory of value was much more than the substitution of a more satisfactory theory of market exchange for a less satisfactory one. The general theory of choice and preference goes far beyond the horizon which encompassed the scope of economic problems as circumscribed by the economists from Cantillon, Hume, and Adam Smith down to John Stuart Mill. It is much more than merely a theory of the "economic side" of human endeavors and of man's striving for commodities and an improvement in his material well-being. It is the science of every kind of human action. Choosing determines all human decisions. In making his choice man chooses not only between various material things and services. All human values are offered for option. All ends and all means, both material and ideal issues, the sublime and the base, the noble and the ignoble, are ranged in a single row and subjected to a decision which picks out one thing and sets aside another. Nothing that men aim at or want to avoid remains outside of this arrangement into a unique scale of gradation and preference. The modern theory of value widens the scientific horizon and enlarges the field of economic studies. Out of the political economy of the classical school emerges the general theory of human action, *praxeology*.[1] The economic or catallactic problems[2] are embedded in a more general science, and can no longer be severed from this connection. No treatment of economic problems proper can avoid starting from acts of choice; economics becomes a part, although the hitherto best elaborated part, of a more universal science, praxeology.

1. The term *praxeology* was first used in 1890 by Espinas. Cf. his article "Les Origines de la technologies," *Revue Philosophique*, XVth year, XXX, 114-115, and his book published in Paris in 1897, with the same title.

2. The term *Catallactics or the Science of Exchanges* was first used by Whately. Cf. his book *Introductory Lectures on Political Economy* (London, 1831), p. 6.

2. The Epistemological Problem of a General Theory of Human Action

In the new science everything seemed to be problematic. It was a stranger in the traditional system of knowledge; people were perplexed and did not know how to classify it and to assign it its proper place. But on the other hand they were convinced that the inclusion of economics in the catalogue of knowledge did not require a rearrangement or expansion of the total scheme. They considered their catalogue system complete. If economics did not fit into it, the fault could only rest with the unsatisfactory treatment that the economists applied to their problems.

It is a complete misunderstanding of the meaning of the debates concerning the essence, scope, and logical character of economics to dismiss them as the scholastic quibbling of pedantic professors. It is a widespread misconception that while pedants squandered useless talk about the most appropriate method of procedure, economics itself, indifferent to these idle disputes, went quietly on its way. In the *Methodenstreit* between the Austrian economists and the Prussian Historical School, the self-styled "intellectual bodyguard of the House of Hohenzollern," and in the discussions between the school of John Bates Clark and American Institutionalism much more was at stake than the question of what kind of procedure was the most fruitful one. The real issue was the epistemological foundations of the science of human action and its logical legitimacy. Starting from an epistemological system to which praxeological thinking was strange and from a logic which acknowledged as scientific—besides logic and mathematics—only the empirical natural sciences and history, many authors tried to deny the value and usefulness of economic theory. Historicism aimed at replacing it by economic history; positivism recommended the substitution of an illusory social science which should adopt the logical structure and pattern of Newtonian mechanics. Both these schools agreed in a radical rejection of all the achievements of economic thought. It was impossible for the economists to keep silent in the face of all these attacks.

The radicalism of this wholesale condemnation of economics was very soon surpassed by a still more universal nihilism. From time immemorial men in thinking, speaking, and acting had taken the uniformity and immutability of the logical structure of the human mind as an unquestionable fact. All scientific inquiry was based on this assumption. In the discussions about the epistemological character of economics, writers, for the first time in human history,

denied this proposition too. Marxism asserts that a man's thinking is determined by his class affiliation. Every social class has a logic of its own. The product of thought cannot be anything else than an "ideological disguise" of the selfish class interests of the thinker. It is the task of a "sociology of knowledge" to unmask philosophies and scientific theories and to expose their "ideological" emptiness. Economics is a "bourgeois" makeshift, the economists are "sycophants" of capital. Only the classless society of the socialist utopia will substitute truth for "ideological" lies.

This polylogism was later taught in various other forms also. Historicism asserts that the logical structure of human thought and action is liable to change in the course of historical evolution. Racial polylogism assign to each race a logic of its own. Finally there is irrationalism, contending that reason as such is not fit to elucidate the irrational forces that determine human behavior.

Such doctrines go far beyond the limits of economics. They question not only economics and praxeology but all other human knowledge and human reasoning in general. They refer to mathematics and physics as well as to economics. It seems therefore that the task of refuting them does not fall to any single branch of knowledge but to epistemology and philosophy. This furnishes apparent justification for the attitude of those economists who quietly continue their studies without bothering about epistemological problems and the objections raised by polylogism and irrationalism. The physicist does not mind if someone stigmatizes his theories as bourgeois, Western or Jewish; in the same way the economist should ignore detraction and slander. He should let the dogs bark and pay no heed to their yelping. It is seemly for him to remember Spinoza's dictum: Sane sicut lux se ipsam et tenebras manifestat, sic veritas norma sui et falsi est.

However, the situation is not quite the same with regard to economics as it is with mathematics and the natural sciences. Polylogism and irrationalism attack praxeology and economics. Although they formulate their statements in a general way to refer to all branches of knowledge, it is the sciences of human action that they really have in view. They say that it is an illusion to believe that scientific research can achieve results valid for people of all eras, races, and social classes, and they take pleasure in disparaging certain physical and biological theories as bourgeois or Western, But if the solution of practical problems requires the application of these stigmatized doctrines, they forget their criticism. The technology of Soviet Russia utilizes without scruple all the results of bourgeois physics, chemistry,

and biology just as if they were valid for all classes. The Nazi engineers and physicians did not disdain to utilize the theories, discoveries, and inventions of people of "inferior" races and nations. The behavior of people of all races, nations, religions, linguistic groups, and social classes clearly proves that they do not endorse the doctrines of polylogism and irrationalism as far as logic, mathematics, and the natural sciences are concerned.

But it is quite different with praxeology and economics. The main motive for the development of the doctrines of polylogism, historicism, and irrationalism was to provide a justification for disregarding the teachings of economics in the determination of economic policies. The socialists, racists, nationalists, and etatists failed in their endeavors to refute the theories of the economists and to demonstrate the correctness of their own spurious doctrines. It was precisely this frustration that prompted them to negate the logical and epistemological principles upon which all human reasoning both in mundane activities and in scientific research is founded.

It is not permissible to dispose of these objections merely on the ground of the political motives which inspired them. No scientist is entitled to assume beforehand that a disapprobation of his theories must be unfounded because his critics are imbued by passion and party bias. He is bound to reply to every censure without any regard to its underlying motives or its background. It is no less impermissible to keep silent in the face of the often asserted opinion that the theorems of economics are valid only under hypothetical assumptions never realized in life and that they are therefore useless for the mental grasp of reality. It is strange that some schools seem to approve of this opinion and nonetheless quietly proceed to draw their curves and to formulate their equations. They do not bother about the meaning of their reasoning and about its reference to the world of real life and action.

This is, of course, an untenable attitude. The first task of every scientific inquiry is the exhaustive description and definition of all conditions and assumptions under which its various statements claim validity. It is a mistake to set up physics as a model and pattern for economic research. But those committed to this fallacy should have learned one thing at least: that no physicist ever believed that the clarification of some of the assumptions and conditions of physical theorems is outside the scope of physical research. The main question that economics is bound to answer is what the relation of its statements is to the reality of human action whose mental grasp is the objective of economic studies.

It therefore devolves upon economics to deal thoroughly with the assertion that its teachings are valid only for the capitalistic system of the shortlived and already vanished liberal period of Western civilization. It is incumbent upon no branch of learning other than economics to examine all the objections raised from various points of view against the usefulness of the statements of economic theory for the elucidation of the problems of human action. The system of economic thought must be built up in such a way that it is proof against any criticism on the part of irrationalism, historicism, panphysicalism, behaviorism, and all varieties of polylogism. It is an intolerable state of affairs that while new arguments are daily advanced to demonstrate the absurdity and futility of the endeavors of economics, the economists pretend to ignore all this.

It is no longer enough to deal with the economic problems within the traditional framework. It is necessary to build the theory of catallactics upon the solid foundation of a general theory of human action, praxeology. This procedure will not only secure it against many fallacious criticisms but clarify many problems hitherto not even adequately seen, still less satisfactorily solved. There is, especially, the fundamental problem of economic calculation.

3. Economic Theory and the Practice of Human Action

It is customary for many people to blame economics for being backward. Now it is quite obvious that our economic theory is not perfect. There is no such thing as perfection in human knowledge, nor for that matter in any other human achievement. Omniscience is denied to man. The most elaborate theory that seems to satisfy completely our thirst for knowledge may one day be amended or supplanted by a new theory. Science does not give us absolute and final certainty. It only gives us assurance within the limits of our mental abilities and the prevailing state of scientific thought. A scientific system is but one station in an endlessly progressing search for knowledge. It is necessarily affected by the insufficiency inherent in every human effort. But to acknowledge these facts does not mean that present-day economics is backward. It merely means that economics is a living thing—and to live implies both imperfection and change.

The reproach of an alleged backwardness is raised against economics from two different points of view.

There are on the one hand some naturalists and physicists who censure economics for not being a natural science and not applying the methods

and procedures of the laboratory. It is one of the tasks of this treatise to explode the fallacy of such ideas. In these introductory remarks it may be enough to say a few words about their psychological background. It is common with narrow-minded people to reflect upon every respect in which other people differ from themselves. The camel in the fable takes exception to all other animals for not having a hump, and the Ruritanian criticizes the Laputanian for not being a Ruritanian. The research worker in the laboratory considers it as the sole worthy home of inquiry, and differential equations as the only sound method of expressing the results of scientific thought. He is simply incapable of seeing the epistemological problems of human action. For him economics cannot be anything but a kind of mechanics.

Then there are people who assert that something must be wrong with the social sciences because social conditions are unsatisfactory. The natural sciences have achieved amazing results in the last two or three hundred years, and the practical utilization of these results has succeeded in improving the general standard of living to an unprecedented extent. But, say these critics, the social sciences have utterly failed in the task of rendering social conditions more satisfactory. They have not stamped out misery and starvation, economic crises and unemployment, war and tyranny. They are sterile and have contributed nothing to the promotion of happiness and human welfare.

These grumblers do not realize that the tremendous progress of technological methods of production and the resulting increase in wealth and welfare were feasible only through the pursuit of those liberal policies which were the practical application of the teachings of economics. It was the ideas of the classical economists that removed the checks imposed by age-old laws, customs, and prejudices upon technological improvement and freed the genius of reformers and innovators from the straitjackets of the guilds, government tutelage, and social pressure of various kinds. It was they that reduced the prestige of conquerors and expropriators and demonstrated the social benefits derived from business activity. None of the great modern inventions would have been put to use if the mentality of the precapitalistic era had not been thoroughly demolished by the economists. What is commonly called the "industrial revolution" was an offspring of the ideological revolution brought about by the doctrines of the economists. The economists exploded the old tenets: that it is unfair and unjust to outdo a competitor by producing better and cheaper goods;

that it is iniquitous to deviate from the traditional methods of production; that machines are an evil because they bring about unemployment; that it is one of the tasks of civil government to prevent efficient businessmen from getting rich and to protect the less efficient against the competition of the more efficient; that to restrict the freedom of entrepreneurs by government compulsion or by coercion on the part of other social powers is an appropriate means to promote a nation's well-being. British political economy and French Physiocracy were the pacemakers of modern capitalism. It is they that made possible the progress of the applied natural sciences that has heaped benefits upon the masses.

What is wrong with our age is precisely the widespread ignorance of the role which these policies of economic freedom played in the technological evolution of the last two hundred years. People fell prey to the fallacy that the improvement of the methods of production was contemporaneous with the policy of laissez faire only by accident. Deluded by Marxian myths, they consider modern industrialism an outcome of the operation of mysterious "productive forces" that do not depend in any way on ideological factors. Classical economics, they believe, was not a factor in the rise of capitalism, but rather its product, its "ideological superstructure," i.e., a doctrine designed to defend the unfair claims of the capitalistic exploiters. Hence the abolition of capitalism and the substitution of socialist totalitarianism for a market economy and free enterprise would not impair the further progress of technology. It would, on the contrary, promote technological improvement by removing the obstacles which the selfish interests of the capitalists place in its way.

The characteristic feature of this age of destructive wars and social disintegration is the revolt against economics. Thomas Carlyle branded economics a "dismal science," and Karl Marx stigmatized the economists as "the sycophants of the bourgeoisie." Quacks—praising their patent medicines and short cuts to an earthly paradise—take pleasure in scorning economics as "orthodox" and "reactionary." Demagogues pride themselves on what they call their victories over economics. The "practical" man boasts of his contempt for economics and his ignorance of the teachings of "armchair" economists. The economic policies of the last decades have been the outcome of a mentality that scoffs at any variety of sound economic theory and glorifies the spurious doctrines of its detractors. What is called "orthodox" economics is in most countries barred from the universities and is virtually unknown to the leading statesmen, politicians, and writers. The

blame for the unsatisfactory state of economic affairs can certainly not be placed upon a science which both rulers and masses despise and ignore.

It must be emphasized that the destiny of modern civilization as developed by the white peoples in the last two hundred years is inseparably linked with the fate of economic science. This civilization was able to spring into existence because the peoples were dominated by ideas which were the application of the teachings of economics to the problems of economic policy. It will and must perish if the nations continue to pursue the course which they entered upon under the spell of doctrines rejecting economic thinking.

It is true that economics is a theoretical science and as such abstains from any judgment of value. It is not its task to tell people what ends they should aim at. It is a science of the means to be applied for the attainment of ends chosen, not, to be sure, a science of the choosing of ends. Ultimate decisions, the valuations and the choosing of ends, are beyond the scope of any science. Science never tells a man how he should act; it merely shows how a man must act if he wants to attain definite ends.

It seems to many people that this is very little indeed and that a science limited to the investigation of the *is* and unable to express a judgment value about the highest and ultimate ends is of no importance for life and action. This too is a mistake. However, the exposure of this mistake is not a task of these introductory remarks. It is one of the ends of the treatise itself.

Résumé

It was necessary to make these preliminary remarks in order to explain why this treatise places economic problems within the broad frame of a general theory of human action. At the present stage both of economic thinking and of political discussions concerning the fundamental issues of social organization, it is no longer feasible to isolate the treatment of catallactic problems proper. These problems are only a segment of a general science of human action and must be dealt with as such.

Part One

Human Action

I. ACTING MAN

1. Purposeful Action and Animal Reaction

HUMAN action is purposeful behavior. Or we may say: Action is will put into operation and transformed into an agency, is aiming at ends and goals, is the ego's meaningful response to stimuli and to the conditions of its environment, is a person's conscious adjustment to the state of the universe that determines his life. Such paraphrases may clarify the definition given and prevent possible misinterpretations. But the definition itself is adequate and does not need complement of commentary.

Conscious or purposeful behavior is in sharp contrast to unconscious behavior, i.e., the reflexes and the involuntary responses of the body's cells and nerves to stimuli. People are sometimes prepared to believe that the boundaries between conscious behavior and the involuntary reaction of the forces operating within man's body are more or less indefinite. This is correct only as far as it is sometimes not easy to establish whether concrete behavior is to be considered voluntary or involuntary. But the distinction between consciousness and unconsciousness is nonetheless sharp and can be clearly determined.

The unconscious behavior of the bodily organs and cells is for the acting ego no less a datum than any other fact of the external world. Acting man must take into account all that goes on within his own body as well as other data, e.g., the weather or the attitudes of his neighbors. There is, of course, a margin within which purposeful behavior has the power to neutralize the working of bodily factors. It is feasible within certain limits to get the body under control. Man can sometimes succeed through the power of his will in overcoming sickness, in compensating for the innate or acquired insufficiency of his physical constitution, or in suppressing reflexes. As far as this is possible, the field of purposeful action is extended. If a man abstains from controlling the involuntary reaction of cells and nerve centers, although he would be in a position to do so, his behavior is from our point of view purposeful.

The field of our science is human action, not the psychological events

which result in an action. It is precisely this which distinguishes the general theory of human action, praxeology, from psychology. The theme of psychology is the internal events that result or can result in a definite action. The theme of praxeology is action as such. This also settles the relation of praxeology to the psychoanalytical concept of the subconscious. Psychoanalysis too is psychology and does not investigate action but the forces and factors that impel a man toward a definite action. The psychoanalytical subconscious is a psychological and not a praxeological category. Whether an action stems from clear deliberation, or from forgotten memories and suppressed desires which from submerged regions, as it were, direct the will, does not influence the nature of the action. The murderer whom a subconscious urge (the Id) drives toward his crime and the neurotic whose aberrant behavior seems to be simply meaningless to an untrained observer both act; they like anybody else are aiming at certain ends. It is the merit of psychoanalysis that it has demonstrated that even the behavior of neurotics and psychopaths is meaningful, that they too act and aim at ends, although we who consider ourselves normal and sane call the reasoning determining their choice of ends nonsensical and the means they choose for the attainment of these ends contrary to purpose.

The term "unconscious" as used by praxeology and the terms "subconscious" and "unconscious" as applied by psychoanalysis belong to two different systems of thought and research. Praxeology no less than other branches of knowledge owes much to psychoanalysis. The more necessary is it then to become aware of the line which separates praxeology from psychoanalysis.

Action is not simply giving preference. Man also shows preference in situations in which things and events are unavoidable or are believed to be so. Thus a man may prefer sunshine to rain and may wish that the sun would dispel the clouds. He who only wishes and hopes does not interfere actively with the course of events and with the shaping of his own destiny. But acting man chooses, determines, and tries to reach an end. Of two things both of which he cannot have together he selects one and gives up the other. Action therefore always involves both taking and renunciation.

To express wishes and hopes and to announce planned action may be forms of action in so far as they aim in themselves at the realization of a certain purpose. But they must not be confused with the actions to which they refer. They are not identical with the actions they announce, recommend, or reject. Action is a real thing. What counts is a man's total

behavior, and not his talk about planned but not realized acts. On the other hand action must be clearly distinguished from the application of labor. Action means the employment of means for the attainment of ends. As a rule one of the means employed is the acting man's labor. But this is not always the case. Under special conditions a word is all that is needed. He who gives orders or interdictions may act without any expenditure of labor. To talk or not to talk, to smile or to remain serious, may be action. To consume and to enjoy are no less action than to abstain from accessible consumption and enjoyment.

Praxeology consequently does not distinguish between "active" or energetic and "passive" or indolent man. The vigorous man industriously striving for the improvement of his condition acts neither more nor less than the lethargic man who sluggishly takes things as they come. For to do nothing and to be idle are also action, they too determine the course of events. Wherever the conditions for human interference are present, man acts no matter whether he interferes or refrains from interfering. He who endures what he could change acts no less than he who interferes in order to attain another result. A man who abstains from influencing the operation of physiological and instinctive factors which he could influence also acts. Action is not only doing but no less omitting to do what possibly could be done.

We may say that action is the manifestation of a man's will. But this would not add anything to our knowledge. For the term will means nothing else than man's faculty to choose between different states of affairs, to prefer one, to set aside the other, and to behave according to the decision made in aiming at the chosen state and forsaking the other.

2. The Prerequisites of Human Action

We call contentment or satisfaction that state of a human being which does not and cannot result in any action. Acting man is eager to substitute a more satisfactory state of affairs for a less satisfactory. His mind imagines conditions which suit him better, and his action aims at bringing about this desired state. The incentive that impels a man to act is always some uneasiness.[1] A man perfectly content with the state of his affairs would have no incentive to change things. He would have neither wishes nor desires; he would be perfectly happy.

1. Cf. Lock, *An Essay Concerning Human Understanding*, ed. Fraser (Oxford, 1894), I, 331-333; Leibniz, *Nouveaux essais sur l'entendement humain*, ed. Fammarion, p. 119.

He would not act; he would simply live free from care.

But to make a man act, uneasiness and the image of a more satisfactory state alone are not sufficient. A third condition is required: the expectation that purposeful behavior has the power to remove or at least to alleviate the felt uneasiness. In the absence of this condition no action is feasible. Man must yield to the inevitable. He must submit to destiny.

These are the general conditions of human action. Man is the being that lives under these conditions. He is not only homo sapiens, but no less homo agens. Beings of human descent who either from birth or from acquired defects are unchangeably unfit for any action (in the strict sense of the term and not merely in the legal sense) are practically not human. Although the statutes and biology consider them to be men, they lack the essential feature of humanity. The newborn child too is not an acting being. It has not yet gone the whole way from conception to the full development of its human qualities. But at the end of this evolution it becomes an acting being.

On Happiness

In colloquial speech we call a man "happy" who has succeeded in attaining his ends. A more adequate description of his state would be that he is happier than he was before. There is however no valid objection to a usage that defines human action as the striving for happiness.

But we must avoid current misunderstandings. The ultimate goal of human action is always the satisfaction of the acting man's desire. There is no standard of greater or lesser satisfaction other than individual judgments of value, different for various people and for the same people at various times. What makes a man feel uneasy and less uneasy is established by him from the standard of his own will and judgment, from his personal and subjective valuation. Nobody is in a position to decree what should make a fellow man happier.

To establish this fact does not refer in any way to the antitheses of egoism and altruism, of materialism and idealism, of individualism and collectivism, of atheism and religion. There are people whose only aim is to improve the condition of their own ego. There are other people with whom awareness of the troubles of their fellow men causes as much uneasiness as or even more uneasiness than their own wants. There are people who desire nothing else than the satisfaction of their appetites for sexual intercourse, food, drinks, fine homes, and other material things. But other men care more for the satisfactions commonly called "higher" and "ideal." There are individuals eager to adjust their actions to the requirements of social cooperation; there are,

on the other hand, refractory people who defy the rules of social life. There are people for whom the ultimate goal of the earthly pilgrimage is the preparation for a life of bliss. There are other people who do not believe in the teachings of any religion and do not allow their actions to be influenced by them.

Praxeology is indifferent to the ultimate goals of action. Its findings are valid for all kinds of action irrespective of the ends aimed at. It is a science of means, not of ends. It applies the term happiness in a purely formal sense. In the praxeological terminology the proposition: man's unique aim is to attain happiness, is tautological. It does not imply any statement about the state of affairs from which man expects happiness.

The idea that the incentive of human activity is always some uneasiness and its aim always to remove such uneasiness as far as possible, that is, to make the acting men feel happier, is the essence of the teachings of Eudaemonism and Hedonism. Epicurean ἀταραξία is that state of perfect happiness and contentment at which all human activity aims without ever wholly attaining it. In the face of the grandeur of this cognition it is of little avail only that many representatives of this philosophy failed to recognize the purely formal character of the notions pain and pleasure and gave them a material and carnal meaning. The theological, mystical, and other schools of a heteronomous ethic did not shake the core of Epicureanism because they could not raise any other objection than its neglect of the "higher" and "nobler" pleasures. It is true that the writings of many earlier champions of Eudaemonism, Hedonism, and Utilitarianism are in some points open to misinterpretation. But the language of modern philosophers and still more that of the modern economists is so precise and straightforward that no misinterpretation can possibly occur.

On Instincts and Impulses

One does not further the comprehension of the fundamental problem of human action by the methods of instinct-sociology. This school classifies the various concrete goals of human action and assigns to each class a special instinct as its motive. Man appears as a being driven by various innate instincts and dispositions. It is assumed that this explanation demolishes once for all the odious teachings of economics and utilitarian ethics. However, Feuerbach has already justly observed that every instinct is an instinct to happiness.[2] The method of instinct-psychology and instinct-sociology consists in an arbitrary classification of the immediate goals of action and in a hypostasis of each. Whereas praxeology says that the goal

2. Cf. Feuerbach, *Sämmtliche Werke*, ed. Bolin and Jodl (Stuttgart, 1907), X, 231.

of an action is to remove a certain uneasiness, instinct-psychology says it is the satisfaction of an instinctive urge.

Many champions of the instinct school are convinced that they have proved that action is not determined by reason, but stems from the profound depths of innate forces, impulses, instincts, and dispositions which are not open to any rational elucidation. They are certain they have succeeded in exposing the shallowness of rationalism and disparage economics as "a tissue of false conclusions drawn from false psychological assumptions."[3] Yet rationalism, praxeology, and economics do not deal with the ultimate springs and goals of action, but with the means applied for the attainment of an end sought. However unfathomable the depths may be from which an impulse or instinct emerges, the means which man chooses for its satisfaction are determined by a rational consideration of expense and success.[4]

He who acts under an emotional impulse also acts. What distinguishes an emotional action from other actions is the valuation of input and output. Emotions disarrange valuations. Inflamed with passion, man sees the goal as more desirable and the price he has to pay for it as less burdensome than he would in cool deliberation. Men have never doubted that even in the state of emotion means and ends are pondered and that it is possible to influence the outcome of this deliberation by rendering more costly the yielding to the passionate impulse. To punish criminal offenses committed in a state of emotional excitement or intoxication more mildly than other offenses is tantamount to encouraging such excesses. The threat of severe retaliation does not fail to deter even people driven by seemingly irresistible passion.

We interpret animal behavior on the assumption that the animal yields to the impulse which prevails at the moment. As we observe that the animal feeds, cohabits, and attacks other animals or men, we speak of its instincts of nourishment, of reproduction, and of aggression. We assume that such instincts are innate and peremptorily ask for satisfaction.

But is different with man. Man is not a being who cannot help yielding to the impulse that most urgently asks for satisfaction. Man is a being capable of subduing his instincts, emotions, and impulses; he can rationalize his behavior. He renounces the satisfaction of a burning impulse in order to satisfy other desires. He is not a puppet of his appetites. A man does not ravish every female that stirs his senses; he does not devour every piece of food that entices him; he does not knock down every fellow he would like

3. Cf. William McDougall, *An Introduction to Social Psychology* (14th ed. Boston, 1921), p. 11.

4. Cf. Mises, *Epistemological Problems of Economics*, trans. by G. Reisman (New York, 1960), pp. 52 ff.

to kill. He arranges his wishes and desires into a scale, he chooses; in short, he acts. What distinguishes man from beasts is precisely that he adjusts his behavior deliberatively. Man is the being that has inhibitions, that can master his impulses and desires, that has the power to suppress instinctive desires and impulses.

It may happen that an impulse emerges with such vehemence that no disadvantage which its satisfaction may cause appears great enough to prevent the individual from satisfying it. In this case too there is choosing. Man decides in favor of yielding to the desire concerned.[5]

3. Human Action as an Ultimate Given

Since time immemorial men have been eager to know the prime mover, the cause of all being and of all change, the ultimate substance from which everything stems and which is the cause of itself. Science is more modest. It is aware of the limits of the human mind and of the human search for knowledge. It aims at tracing back every phenomenon to its cause. But it realizes that these endeavors must necessarily strike against insurmountable walls. There are phenomena which cannot be analyzed and traced back to other phenomena. They are the ultimate given. The progress of scientific research may succeed in demonstrating that something previously considered as an ultimate given can be reduced to components. But there will always be some irreducible and unanalyzable phenomena, some ultimate given.

Monism teaches that there is but one ultimate substance, dualism that there are two, pluralism that there are many. There is no point quarreling about these problems. Such metaphysical disputes are interminable. The present state of our knowledge does not provide the means to solve them with an answer which every reasonable man must consider satisfactory.

Materialist monism contends that human thoughts and volitions are the product of the operation of bodily organs, the cells of the brain and the nerves. Human thought, will, and action are solely brought about by material processes which one day will be completely explained by the methods of physical and chemical inquiry. This too is a metaphysical hypothesis, although it supporters consider it as an unshakable and undeniable scientific truth.

Various doctrines have been advanced to explain the relation between

5. In such cases a great role is played by the circumstances that the two satisfactions concerned—that expected from yielding to the impulse and that expected from the avoidance of its undesirable consequences—are not simultaneous. Cf. below, pp. 479-490.

mind and body. They are mere surmises without any reference to observed facts. All that can be said with certainty is that there are relations between mental and physiological processes. With regard to the nature and operation of this connection we know little if anything.

Concrete value judgments and definite human actions are not open to further analysis. We may fairly assume or believe that they are absolutely dependent upon and conditioned by their causes. But as long as we do not know how external facts—physical and physiological—produce in a human mind definite thoughts and volitions resulting in concrete acts, we have to face an insurmountable *methodological dualism.* In the present state of our knowledge the fundamental statements of positivism, monism and panphysicalism are mere metaphysical postulates devoid of any scientific foundation and both meaningless and useless for scientific research. Reason and experience show us two separate realms: the external world of physical, chemical, and physiological phenomena and the internal world of thought, feeling, valuation, and purposeful action. No bridge connects—as far as we can see today—these two spheres. Identical external events result sometimes in different human responses, and different external events produce sometimes the same human response. We do not know why.

In the face of this state of affairs we cannot help withholding judgment on the essential statements of monism and materialism. We may or may not believe that the natural sciences will succeed one day in explaining the production of definite ideas, judgments of value, and actions in the same way in which they explain the production of a chemical compound as the necessary and unavoidable outcome of a certain combination of elements. In the meantime we are bound to acquiesce in a methodological dualism.

Human action is one of the agencies bringing about change. It is an element of cosmic activity and becoming. Therefore it is a legitimate object of scientific investigation. As—at least under present conditions—it cannot be traced back to its causes, it must be considered as an ultimate given and must be studied as such.

It is true that the changes brought about by human action are but trifling when compared with the effects of the operation of the great cosmic forces. From the point of view of eternity and the infinite universe man is an infinitesimal speck. But for man human action and its vicissitudes are the real thing. Action is the essence of his nature and existence, his means of preserving his life and raising himself above the level of animals and plants. However perishable

and evanescent all human efforts may be, for man and for human science they are of primary importance.

4. Rationality and Irrationality; Subjectivism and Objectivity of Praxeological Research

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

It is usual to call an action irrational if it aims, at the expense of "material" and tangible advantages, at the attainment of "ideal" or "higher" satisfactions. In this sense people say, for instance—sometimes with approval, sometimes with disapproval—that a man who sacrifices life, health, or wealth to the attainment of "higher" goods—like fidelity to his religious, philosophical, and political convictions or the freedom and flowering of his nation—is motivated by irrational considerations. However, the striving after these higher ends is neither more nor less rational or irrational than that after other human ends. It is a mistake to assume that the desire to procure the bare necessities of life and health is more rational, natural, or justified than the striving after other goods or amenities. It is true that the appetite for food and warmth is common to men and other mammals and that as a rule a man who lacks food and shelter concentrates his efforts upon the satisfaction of these urgent needs and does not care much for other things. The impulse to live, to preserve one's own life, and to take advantage of every opportunity of strengthening one's vital forces is a primal feature of life, present in every living being. However, to yield to this impulse is not—for man—an inevitable necessity.

While all other animals are unconditionally driven by the impulse to preserve their own lives and by the impulse of proliferation, man has the power to master even these impulses. He can control both his sexual desires and his will to live. He can give up his life when the conditions under which alone he could preserve

it seem intolerable. Man is capable of dying for a cause or of committing suicide. To live is for man the outcome of a choice, of a judgment of value.

It is the same with the desire to live in affluence. The very existence of ascetics and of men who renounce material gains for the sake of clinging to their convictions and of preserving their dignity and self-respect is evidence that the striving after more tangible amenities is not inevitable but rather the result of a choice. Of course, the immense majority prefer life to death and wealth to poverty.

It is arbitrary to consider only the satisfaction of the body's physiological needs as "natural" and therefore "rational" and everything else as "artificial" and therefore "irrational." It is the characteristic feature of human nature that man seeks not only food, shelter, and cohabitation like all other animals, but that he aims also at other kinds of satisfaction. Man has specifically human desires and needs which we may call "higher" than those which he has in common with the other mammals.[6]

When applied to the means chosen for the attainment of ends, the terms rational and irrational imply a judgment about the expediency and adequacy of the procedure employed. The critic approves or disapproves of the method from the point of view of whether or not it is best suited to attain the end in question. It is a fact that human reason is not infallible and that man very often errs in selecting and applying means. An action unsuited to the end sought falls short of expectation. It is contrary to purpose, but it is rational, i.e., the outcome of a reasonable—although faulty—deliberation and an attempt—although an ineffectual attempt—to attain a definite goal. The doctors who a hundred years ago employed certain methods for the treatment of cancer which our contemporary doctors reject were—from the point of view of present-day pathology—badly instructed and therefore inefficient. But they did not act irrationally; they did their best. It is probable that in a hundred years more doctors will have more efficient methods at hand for the treatment of this disease. They will be more efficient but not more rational than our physicians.

The opposite of action is not *irrational behavior*, but a reactive response to stimuli on the part of the bodily organs and instincts which cannot be controlled by the volition of the person concerned. To the same stimulus man can under certain conditions respond both by reactive response and by action. If a man absorbs a poison, the organs react by setting up their forces

6. On the errors involved in the iron law of wages see below, pp. 603 f.; on the misunderstanding of the Malthusian theory see below, pp. 667-672.

of antidotal defense; in addition, action may interfere by applying counter-poison.

With regard to the problem involved in the antithesis, rational and irrational, there is no difference between the natural sciences and the social sciences. Science always is and must be rational. It is the endeavor to attain a mental grasp of the phenomena of the universe by a systematic arrangement of the whole body of available knowledge. However, as has been pointed out above, the analysis of objects into their constituent elements must sooner or later necessarily reach a point beyond which it cannot go. The human mind is not even capable of conceiving a kind of knowledge not limited by an ultimate given inaccessible to further analysis and reduction. The scientific method that carries the mind up to this point is entirely rational. The ultimate given may be called an irrational fact.

It is fashionable nowadays to find fault with the social sciences for being purely rational. The most popular objection raised against economics is that it neglects the irrationality of life and reality and tries to press into dry rational schemes and bloodless abstractions the infinite variety of phenomena. No censure could be more absurd. Like every branch of knowledge economics goes as far as it can be carried by rational methods. Then it stops by establishing the fact that it is faced with an ultimate given, i.e., a phenomenon which cannot—at least in the present state of our knowledge—be further analyzed.[7]

The teachings of praxeology and economics are valid for every human action without regard to its underlying motives, causes, and goals. The ultimate judgments of value and the ultimate ends of human action are given for any kind of scientific inquiry; they are not open to any further analysis. Praxeology deals with the ways and means chosen for the attainment of such ultimate ends. Its object is means, not ends.

In this sense we speak of the subjectivism of the general science of human action. It takes the ultimate ends chosen by acting man as data, it is entirely neutral with regard to them, and it refrains from passing any value judgments. The only standard which it applies is whether or not the means chosen are fit for the attainment of the ends aimed at. If Eudaemonism says happiness, if Utilitarianism and economics say utility, we must interpret these terms in a subjectivistic way as that which acting man aims at because it is desirable in his eyes. It is in this formalism that the progress of the modern meaning of Eudaemonism, Hedonism, and Utilitarianism consists as opposed to the older

7. We shall see later (pp. 49-58) how the empirical social sciences deal with the ultimate given.

material meaning and the progress of the modern subjectivistic theory of value as opposed to the objectivistic theory of value as expounded by classical political economy. At the same time it is in this subjectivism that the objectivity of our science lies. Because it is subjectivistic and takes the value judgments of acting man as ultimate data not open to any further critical examination, it is itself above all strife of parties and factions, it is indifferent to the conflicts of all schools of dogmatism and ethical doctrines, it is free from valuations and preconceived ideas and judgments, it is universally valid and absolutely and plainly human.

5. Causality as a Requirement of Action

Man is in a position to act because he has the ability to discover causal relations which determine change and becoming in the universe. Acting requires and presupposes the category of causality. Only a man who sees the world in the light of causality is fitted to act. In this sense we may say that causality is a category of action. The category *means and ends* presupposes the category *cause and effect.* In a world without causality and regularity of phenomena there would be no field for human reasoning and human action. Such a world would be a chaos in which man would be at a loss to find any orientation and guidance. Man is not even capable of imagining the conditions of such a chaotic universe.

Where man does not see any causal relation, he cannot act. This statement is not reversible. Even when he knows the causal relation involved, man cannot act if he is not in a position to influence the cause.

The archetype of causality research was: where and how must I interfere in order to divert the course of events from the way it would go in the absence of my interference in a direction which better suits my wishes? In this sense man raises the question: who or what is at the bottom of things? He searches for the regularity and the "law," because he wants to interfere. Only later was this search more extensively interpreted by metaphysics as a search after the ultimate cause of being and existence. Centuries were needed to bring these exaggerated and extravagant ideas back again to the more modest question of where one must interfere or should one be able to interfere in order to attain this or that end.

The treatment accorded to the problem of causality in the last decades has been, due to a confusion brought about by some eminent physicists, rather unsatisfactory. We may hope that this unpleasant chapter in the history of philosophy will be a warning to future philosophers.

There are changes whose causes are, at least for the present time, unknown to us. Sometimes we succeed in acquiring a partial knowledge so that we are able to say: in 70 per cent of all cases *A* results in *B*, in the remaining cases in *C*, or even in *D*, *E*, *F*, and so on. In order to substitute for this fragmentary information more precise information it would be necessary to break up A into its elements. As long as this is not achieved, we must acquiesce in what is called a statistical law. But this does not affect the praxeological meaning of causality. Total or partial ignorance in some areas does not demolish the category of causality.

The philosophical, epistemological, and metaphysical problems of causality and of imperfect induction are beyond the scope of praxeology. We must simply establish the fact that in order to act, man must know the causal relationship between events, processes, or states of affairs. And only as far as he knows this relationship, can his action attain the ends sought. We are fully aware that in asserting this we are moving in a circle. For the evidence that we have correctly perceived a causal relation is provided only by the fact that action guided by this knowledge results in the expected outcome. But we cannot avoid this vicious circular evidence precisely because causality is a category of action. And because it is such a category, praxeology cannot help bestowing some attention on this fundamental problem of philosophy.

6. The Alter Ego

If we are prepared to take the term causality in its broadest sense, teleology can be called a variety of causal inquiry. Final causes are first of all causes. The cause of an event is seen as an action or quasi-action aiming at some end.

Both primitive man and the infant, in a naive anthropomorphic attitude, consider it quite plausible that every change and event is the outcome of the action of a being acting in the same way as they themselves do. They believe that animals, plants, mountains, rivers, and fountains, even stones and celestial bodies, are, like themselves, feeling, willing, and acting beings. Only at a later stage of cultural development does man renounce these animistic ideas and substitute the mechanistic world view for them. Mechanicalism proves to be so satisfactory a principle of conduct that people finally believe it capable of solving all the problems of thought and scientific research. Materialism and panphysicalism proclaim mechanicalism as the essence of all knowledge and the experimental and mathematical methods of the natural sciences as the sole scientific mode of