

# Austrian Economics Newsletter

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## The Question of Apriorism

by Barry Smith

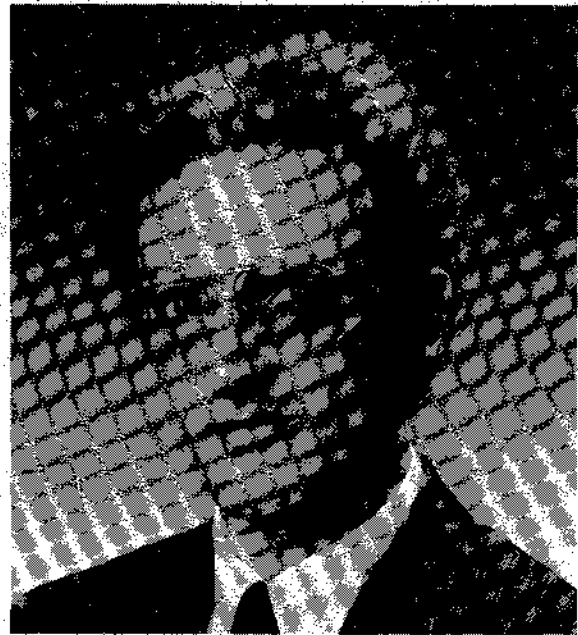
It is often said that Austrian economics embraces what might most properly be called an Aristotelian methodology. Thus Austrian economists typically adopt a realist perspective, holding that the world exists independently of our thinking and reasoning activities. They hold further that the world contains certain simple essences or natures which may come together in law-like ways to form more complex static and dynamic wholes. Moreover, they hold that the given essences and essential structures are *intelligible*, in the sense that they are capable of being non-inductively grasped by the scientific theorist, much as we enjoy a capacity to distinguish reds from greens, circles from squares, warnings from congratulations, and so on.

The science of economics is for the Austrian Aristotelian, in no small part, a matter of establishing the laws governing the combination or composition of the given simple essences or natures in the field of economics. Such combination is not merely a matter of heaping or gluing together. It is, for example, a matter of certain entities or properties of entities arising in reflection of the existence in appropriate combinations of other sorts of entities. Thus, for example, a good exists as such, according to Menger, only if the following prerequisites are simultaneously present:

1. A need on the part of some human being.
2. Properties of the object in question which render it capable of being brought into a causal connection with the satisfaction of this need.
3. Knowledge of this causal connection on the part of the person involved.
4. Command of the thing sufficient to direct it to the satisfaction of the need.<sup>1</sup>

If a good exists, then as a matter of *de re* necessity, entities of these other sorts exist also. Such structures of *de re* necessitation are, I want to claim, at the core not only of Menger's work but also of the entire tradition of Austrian economics.

The tenets of Aristotelianism referred to above



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are first and foremost tenets of ontology: they tell us what the world is like and how its various parts and moments are related to each other. The question of apriorism, on the other hand, is skew to all such ontological concerns. It relates exclusively to the sort of account one gives of the conditions under which *knowledge* is acquired.

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All defenders of apriorism share the assumption that we are capable of acquiring knowledge of a special sort, called "*a priori* knowledge" via non-inductive means. They differ, however, in their accounts of where such knowledge comes from. Two broad families of apriorist views can be distinguished in this regard.

On the one hand are what might be called *impositionist views*, which hold that *a priori* knowledge is possible as a result of the fact that the content of such knowledge reflects merely certain forms or structures that have been imposed or inscribed upon the world by the knowing subject. Knowledge, on such views, is never directly of reality itself; rather, it reflects the "logical structures of the mind," and penetrates to reality only as formed, shaped or modelled by a mind or theory.

On the other hand are *reflectionist views*, which hold that we can have *a priori* knowledge of what exists, independently of all impositions or inscriptions of the mind, as a result of the fact that certain structures in the world enjoy some degree of intelligibility in their own right. The knowing subject and the objects of knowledge are for the reflectionist in some sense and to some degree *pre-tuned* to each other. And directly *a priori* knowledge of reality itself is therefore possible, at least at some level of generality, much along the lines in which we recognize the validity of a proof in logic or geometry.

The impositionist view, of course, finds its classical expression in the work of Kant, and I would argue that great methodological confusion in the ranks of Austrian economics has arisen as a result of the pervasive assumption that all talk of the *a priori* must of necessity imply an impositionist or Kantian framework. For the apriorism lying in the background of Menger's thinking is quite clearly reflectionist. Menger believes that there are *a priori*

categories ("essences" or "natures") in reality and that *a priori* propositions reflect structures or connections among such essences existing autonomously in the sense that they are not the result of any shaping or forming of reality on the part of the experiencing subject. The impositionist, in contrast, insists that *a priori* categories must be creatures of the mind, that they must be the result of some "imposition of form" upon the world. The impositionist may therefore hold that the issue as to which sorts of economic structures

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exist is a matter for more or less arbitrary legislation by the economic theorist, or a matter of the "conceptual spectacles" of the economic agent. No grain of this idea is to be found in Menger.

My claim, now, is that the Austrian economist of whatever hue works against the background of an assumption to the effect that the universals of economic reality are not created or imposed in any sense, but are discovered through our theoretical efforts. Economists do not study concepts or other creatures of the mind. Rather, they study the qualitative natures of and the relations between such categories as value, rent, profit, the division of labor, money, etc. As Menger puts it in a well-known passage:

Theoretical economics has the task of investigating the *general essence* and the *general connection* of economic phenomena, not of analyzing economic concepts and of drawing the conclusions resulting from this analysis. The phenomena, or certain aspects of them, and not their linguistic image, the concepts, are the object of theoretical research in the field of economy. (1883, p. 64n; Eng. p. 37n)

There is, however, one reason why an impositionist or Kantian reading of the propositions of Austrian economics has seemed so tempting to so many. This turns on the fact that Menger lays stress both on the subjectivism and on the methodological individualism of economics. Indeed, the status of economics as a theoretical science can be said to rest, in his eyes, on the acceptance of the two theses of subjectivism and methodological individualism. For subjectivism implies that an economy is not an autonomous formation with unintelligible properties of its own. Rather one can *understand* the workings of an economy by coming to an understanding of how the value of goods at earlier stages in the process of production is de-

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rived from the value to actual consumers of the products of the later stages. Moreover, one can see why this same understanding must apply *ceteris paribus* to every economy in whatever time or place. And methodological individualism implies that the whole of economics can in principle admit of an understanding of this sort, that there are no economic structures that cannot be grasped at least in principle in the thought experiments of the economist.

None of the above, however, implies that the economist's understanding might flow from the fact that the propositions of economics reflect structures that have been imposed upon the world—in Kantian fashion—by either the economic theorist or the economic agent. That is, the intelligibility of basic economic structures does not imply ontological dependence of such structures on the mind, along the lines suggested by the impositionist. Rather, Menger's view implies precisely that economic reality is such as to manifest intelligible structures in and of itself. It is because economic reality is built up in intelligible ways out of structures involving human thought and action that we are able, by appropriate efforts, to read off these structures in and of themselves.

## II

We know now that there is an Aristotelian alternative to the Kantian form of apriorism. Mises, however, seems to see his methodology primarily in terms reflecting Kantian doctrines. Indeed the Aristotelian alternative seems not to have been explicitly recognized as such by Mises at all, though this is hardly surprising, given that the special nature of Austrian Aristotelian apriorism was appreciated by very few at the time when Mises was working out the philosophical foundations of his praxeology.<sup>2</sup>

Common to all aprioristic doctrines, as we said, is a view to the effect that there are laws or propositions which are intelligible (capable of being grasped by non-inductive means). Kantian impositionism is the view that such *a priori* laws or propositions reflect categorical impositions of the mind. As a result of the influence of the logical positivism of the Vienna circle, now, recent Kantian varieties of apriorism have tended to take the extreme form which sees such categorical impositions as effected always via logic or language. More specifically, *a priori* propositions are seen as being characterized by the fact that they can in every case be exposed—via a process of stripping out defined terms and replacing them with *definiens* consisting of more primitive expressions—as mere tautologies or analytic truths, entirely empty of content. “All bachelors are unmarried” is revealed as analytic in this way by being converted into a truth to the effect that “All unmarried men are unmarried,” which is an instance of the logical law “All A's which are B are B.”

Mises *qua* methodologist was very clearly tempted by the idea that the laws of praxeology should be analytic in this sense. The theoretical part of economics would then be a purely formal or analytic discipline whose principles would flow from the logical analysis of certain concepts. Thus praxeology, we are told, is like logic and mathematics in the sense that its content is a matter of empty tautologies: “Aprioristic reasoning is purely conceptual and deductive. It cannot produce anything else but tautologies and analytic judgments.” Thus for example: “In the concept of money all the theorems of monetary theory are already implied” (Mises 1966, p. 38). Thus while impositionism is not explicitly defended by Mises *qua* methodologist, he does insist on the analytic character of *a priori* propositions. The methodology which results is thereby rendered inconsistent with a reflectionist apriorism, since it implies that such propositions are empty of content, and clearly propositions that are empty of content are unable to picture anything (intelligible) on the side of the objects of the corresponding theory.

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*Economics as a theoretical science rests on two theses: subjectivism and methodological individualism.*

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If we wish to hold on to the view that all the propositions of praxeology are analytic in this sense, however, then we shall have to insist that the whole of praxeology can be erected on the basis of premises involving at most one single primitive non-logical concept. For suppose that there were two such concepts, neither definable in terms of the other. Consider, now, the propositions expressing the non-trivial relations between these concepts. These cannot, *ex hypothesi*, be analytic, for there are now no defined non-logical terms which could be eliminated in such a way as to reveal the corresponding statements as truths of logic, and no truth of logic contains a plurality of non-logical terms in other than trivial ways. But nor, from the Misesian point of view, can they be merely factual (synthetic *a posteriori*). On the positivist reading of the Kantian aprioristic doctrine, however, no third alternative is available, which implies that the original assumption that there are two (or more) such concepts must be rejected.<sup>3</sup> This helps to make intelligible the repeated insistence of Mises and his followers and critics that there is but one single non-logical concept (or “category” or “essence”) of the praxeological discipline, the concept *human action*:

means in terms of this one single concept, is decisively to be rejected.

#### IV

Hans-Hermann Hoppe's *Praxeology and Economic Science* (1988) is an interesting defense of a

correctly recognizes, it is not a matter of logical implication. Rather, he seems to argue, it is to be understood as follows: that any denial of a proposition for example relating preference to cost must be self-refuting. Let us suppose that this is true. Do we know that it is true because of what we know about the special action of denial, as Hoppe seems to suggest?