

Mises and Scheler: Two types of value theory and their possible interrelation

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Abstract

The concept of value was crucial in the thought of both Ludwig von Mises and Max Scheler, however the spheres to which the concept “value” was applied by each was very different, Mises being an economist and Scheler being an ethicist and philosophical anthropologist. Superficially the positions of the two thinkers seem to be diametrically opposed, Scheler maintaining the validity of “objective values” and Mises championing “subjective value” as the key to understanding economic processes. However it is possible to consider the economic sphere in which subjective values operate as a subset of a much wider frame of reference grounded in objective values. Scheler’s thought points towards an ideal realm which is in no way invalidated by economic analysis of the values which people actually choose. Viewed in this respect the thought of Mises and Scheler may be seen as complementary. This complementarity was not grasped at the time when the two men were contemporaries, due to Mises involvement in tangential methodological concerns. Further factors 1) Scheler’s early death, 2) the Heideggerian obscuration of the early phenomenological movement, 3) the lateness of Scheler’s recognition by American social scientists, and 4) the hardening of disciplinary boundaries between philosophy and the various social sciences, including economics, have tended to diminish the impact of Scheler’s ideas on subsequent thought. None the less, Scheler’s notion of objective value could serve as a unique mediation between the cognitive universe of libertarians and traditionalists respective. In this respect putting Mises and Scheler in mutual context is a vital desideratum for our times.

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Introduction

The concept of value was crucial in the thought of both Ludwig von Mises and Max Scheler, however the spheres to which the concept “value” was applied by each was very different, Mises being an economist and Scheler being an ethicist and philosophical anthropologist. Superficially the positions of the two thinkers seem to be diametrically opposed, Scheler maintaining the validity of “objective values” and Mises championing “subjective value” as the key to understanding economic processes. However it is possible to consider the economic sphere in which subjective values operate as a subset of a much wider frame of reference grounded in objective values. Scheler’s thought points towards an ideal realm which is in no way invalidated by economic analysis of the values which people actually choose. Viewed in this respect the thought of Mises and Scheler may be seen as complementary.

Contemporary Relevance of the Problem

The issue of values is one which has been taken up in popular cultural discourse in America. Thus the expression “values voters” has been coined to designate citizens who vote in response to government policies on moral issues such as abortion, or the prohibition of drugs and certain forms of sexual behavior. In this context “values” is usually a cipher standing for the defense of “traditional values.” Opponents of traditional values state, correctly, that the notion of value generally implies subjective evaluation. Thus advocates of non-traditional lifestyles are expressing their values as clearly as traditionalists do their own.

This semantic confusion ultimately may be traced to the fact that “value” is a term originally borrowed by ethics from economics. Modern economics construes “value” as subjective. Does this imply that any consistent use of the term value by ethicists will ultimately lead to ethical subjectivism, i.e. that all moral preferences are a matter of taste? This is the conclusion drawn by Paul Gottfried in his criticism of the cultural and political use of the term “value” by the American conservative movement. He states that the uncritical substitution of the economic for the social usage of “value” caused a crisis in meaning for the Old (libertarian) Right, and brought about coup d’etat by a new (authoritarian) right, which profited from this semantic confusion by inserting a new agenda using the old terms of discourse. (Gottfried 2007)

If the notion of value is inherently ambiguous, then any concept of objective ethical

norms would have to be based on some other concept besides values. There are indeed alternatives in the form of categorical imperatives, divine command theory, naturalism etc., but these bases all come with their own drawbacks, they being either forbiddingly transcendental and rigorous, or susceptible to other mischief. The charming quality of an “objective system of values” lies in its combination of autonomous motivation with universal moral ends. Arguably the most representative system of objective value ethics is the one formulated by phenomenological philosopher Max Scheler.

Here we will not argue directly for the validity of Scheler’s ethics. Rather we will try to remove a major obstacle to understanding his philosophy: a faulty understanding of economics. If the economic concept of value precludes a broader philosophical theory of value ethics, then Scheler’s system is doomed from the start. However it will be demonstrated that this is not the case, for the man who thought most deeply about the epistemological underpinnings of economics, Ludwig von Mises, also went on to show that value is not a specifically economic notion. Rather it belongs to the sphere of psychology, or what Mises called thymology. Mises himself was not an admirer of Scheler’s philosophy, but his understanding of the basis and role of economics within the human sciences does not preclude the possibility of an objective ethics of values. In this respect his thought differs from other, more scientific, understandings of economics. This compatibility between Misesian and Schelerian thought likewise hints at a possible ground for understanding between, if not fusion of, libertarian and conservative modes of social theory.

The Core argument: The openness of Misesian economics to philosophical value-theory

Philosophers didn’t always discuss ethical and psychological problems with reference to the term “value.” Value itself was a concept first extensively treated in the literature of economics. In the late nineteenth and twentieth centuries problems of ethics began to be discussed in terms of values, most extensively by Max Scheler. However there are always bound to be difficulties when one field borrows a term from another. Is the concept which has been adapted to a new field strictly equivalent to its usage in the field of its origin?

This is especially true with regard to the use of “value” in the fields of ethics and philosophical anthropology. A skeptic might, with justice, point out that use of the term value by ethicists and philosophers differs widely from its use by economists. In the case of Max Scheler’s value-ethics “value” is not only employed in a way different from its economic usage, but is actually diametrically opposed to the way post-Mengerian economics have construed value. Modern (post-1870) economics construes value as the subjective imputation of worth to goods and services. Scheler’s notion of value, on the other hand, inheres to objective worth,

notably the worthy ideals elicited by certain types of persons.

Now if the term “value” is no more than a homonym designating two different concepts, there is no conflict which arises from the economic and the philosophical use of the word. Shortly I will demonstrate how this is in fact the case, since once the implications of pure Misesian theory are understood, the two concepts are able to go their separate ways in perfect harmony. However this is by no means obvious, as hinted at by the nickname “the worldly philosophers” used on occasion to designate economists. According to common sense, there would seem to be a fundamental contradiction between the kind of “idealistic” value-theory upheld by Max Scheler which is objective, eternal, and based on moral intuitions and the more “mundane” notion of value which is subjective and concerned with the use of goods and services. From an economist's point of view Scheler's value philosophy would bear an unflattering family resemblance to the obsolescent value theories of Ricardo and other classical economists.

Even Mises himself was apt to dismiss Scheler on precisely this ground, for in one of his rare references to the philosopher, he writes that “[Scheler] was prevented, by his desire to find an absolute determination of the ranks of values, from drawing the conclusions from his answer that are crucial for ethics.”(Epistemological Problems of Economics, p.87) It is not clear that Mises delved particularly deeply into the philosophy of Scheler, or that he gave general ethics the same kind of penetrating treatment that he gave to economics. It does seem that he esteemed Scheler as a clear thinker, one who recognized that all behavior, human or animal, was based on eudemonistic (that is, pleasure seeking and pain avoiding) attainment of goals.

However it is this question of eudemonism which lies at the core of the presumed incompatibility between Scheler and economics. In fact, Scheler's value theory is non-eudemonistic, for it posits a devotion to personal exemplars which rises above the simple instincts of pleasure seeking and pain avoidance. While recognizing the universality of basic drives, Scheler maintains the possibility of heroic, even saintly, value affirmation operating on an entirely different level. In this respect it stands in direct contradiction to the psychological premises which are generally presumed to constitute the underpinnings of modern economics. This is a misunderstanding of special relevance to the school of Austrian economics, for it is this school which has carried the insights of subjective marginal utility to their most logical conclusions.

Now it would seem that following this theorem (i.e. subjective utility) out in detail would lead to a kind of “calculus of desire” since the actual behavior of people making decisions in the market place involves a trade off between greater desired goods against lesser desired goods. The premises involved in this sort of value calculation precludes any theory

such as Scheler's concerning higher values, in so far as such a theory might be offered as a realistic understanding of human nature. If the theory of value calculation is scientific and universal, it must ultimately rest on an equally universal psychology of human drives.

Indeed it was at this point that economic theory had reached prior to Mises. However Mises pointed out, against his forerunners, that there can be no such thing as "value calculation." What we see in markets is price calculation carried out with fiduciary media, not a judging of values or desire. The pre-monetary grounds of these price calculations are not quantifiable psychological facts, rather they are actions establishing logical relations between goods of greater or lesser value at the moment of exchange. The ultimate psychological bases of these actions can only be guessed at, and never quantified.

Thus, in Misesian theory, "value" has no psychological meaning in economics. Although Mises himself never seemed to draw the conclusion, it can be inferred that this usage of value has no point in conflict with ethical theories of "higher values" including that of Max Scheler. This is not to say that there is any necessary sense in which Misesian economics implies the validity of Schelerian philosophy or vice versa. All that has been, or needs to be, maintained is that there is no inherent contradiction, or even conflict, between the two usages of value. That they might be complementary theories will have to rest on the insights culled from experience rather than deduction. In the conclusion I will adduce some reasons why the wedding of these theories might be salutary for certain political projects, however one further complication will have to be untangled before that summing up.

Valuation not objective or optimal in Mises and the opening up to "higher values"

Austrians, unlike other economists, do not dwell much on the supposed rationality or optimality of markets. They restrict their defense of free enterprise to an assertion that markets work to get people what they want. They do not assert that people generally know what is best for them or pretend to know what those best things might be. In this way they make room for the ethicist.

The assertion of Scheler is not that the intuitional order of values is clearly seen among the majority of human beings at any given time. Rather he sees this as a function of human genius for valuation. The hierarchy of objective values is not susceptible of logical proof in the ordinary sense of the phrase. However this does not mean that the values of the heart are illogical or arbitrary, rather they are directly perceptible by an intuiting faculty which is rather undeveloped in the mass of humanity. An analogy might be drawn with the more transparent notion of "common sense." Common sense is something which is recognized and often appealed to, however it is also admitted that common sense is less common than

foolishness. Likewise there is nothing statistically normative about Scheler's "ordo amoris." It does not govern the social order so much a lie behind that order, waiting to be discovered by whomever has the moral stamina to do so.

As Guido Hulsman explains

The kernel of Mises' value theory of calculation is this: while calculation in terms of money prices is the essential intellectual tool of entrepreneurs acting in a market economy, calculation in terms of "value" is impossible. A calculus can only be performed with multiples of an extended unit; for example, one can add one apple to another apple or one grain of silver to another grain of silver. In contrast one cannot add a telephone to a piano concerto and still less can one add wittiness to silence. These things are incommensurable and therefore cannot be linked through mathematical operations. So it is with value. One cannot quantify the value of a thing because value is not extensive and therefore not measurable. (Hulsman 2007).

In Misesian economics, as opposed to the psychologistic interpretations of the Austrian school which prevailed from the time of Carl Menger to Frederich Wiesser, choice replaces value as the most fundamental concept. "Value" simply means that a has been chosen over b , and is therefore more highly valued. We cannot say how many times a is more valuable than b at this fundamental level of analysis. In a more developed economy commodities are exchanged against units of some commodity which has been monetized, facilitating exchange while creating the illusion that goods have measurable value in and of themselves. But these quantities are nothing but the outcome of choices, not measures of value, either an objective value of things (as with classical economics) or an intensive measure of some psychological state such as desirability (as in the speculations of the early Austrian school).

This decoupling of economic theory from psychology has a number of profound consequences for philosophy and the social sciences. First it means that psychology is free to ignore any spurious materialist axiology emanating from economics. Economic outcomes in the market place are the result of free, and fallible, choice by human beings. Monetary measures of value in the market place only tell us what large numbers of people find useful and expedient at a certain point in time. Thus the market process is a tool for obtaining values which are reflected in human actions. It cannot be used reflexively to measure values prior to their manifestation through choice.

Recognizing this to be a consequence of his theory, Mises called for the separation of economics and psychology. Indeed, he rejected the word "psychology" which he associated

with behaviorism and other quantifying sciences, and proposed its replacement with the term “thymology” to signify the study of human thought through the media of literary exposition. Implicit in this separation is the fact that axiology (the study of values) is also a realm separate from economics. This would be true whether or not axiology was itself a branch of psychology. As a phenomenologist Scheler rejected the notion that values were simply a manifestation of psychological drives.

This parallelism between the anti-psychologism of Mises and of Scheler is no accident. They were in fact both fruits of the same philosophical tree, for as Hulsmann writes,

In the mid-nineteenth century, the influential British economist philosopher John Stuart Mill had popularized an empiricist epistemology according to which all sciences were based on some form of experience. In the case of mathematics and economics, this empirical basis was psychological experience. Mill’s epistemology was at first very successful in Austria, where it shaped for example the epistemological views of Friedrech von Wieser. But soon a reaction successfully expelled the Millian approach from central Europe. Around the turn of the century two philosophers, Gottleb Frege and Edmund Husserl, published devastating attacks on psychologism in logic as advocated by J.S.Mill. (Hulsmann 2007)

Scheler adopted this anti-psychologism from Husserel, while Mises obtained it from his own insights along with phenomenologically influenced economists such as Shumpeter.

Scheler’s view of “Captialism”

Perhaps the major reason for a lack of mutual appreciation between Mises and Scheler during their lifetimes and among their subsequent respective followings rests in Scheler’s professed anti-capitalism. In contrast to Mises, who’s life mission consisted of showing the indispensability of free markets to free societies, Scheler claimed to be a kind of socialist, albeit of a religious and anti-Marxist stripe. None the less Scheler never involved himself with economics as a technical field, therefore his pronouncements on capitalism have little to do with an understanding of the market process. As such, his “economic” views turn out to be a phenomenological analysis of the contrasting character types of the bourgeois and the proletarian. Not surprisingly, he finds both of them wanting, and both rooted in the same crass materialism of modernity.

Manfred S. Frings does a good job of summing up how Scheler viewed the decline of values as a function of modern materialism.

...Scheler could argue that the decrease in the feeling of life’s values—a decrease expressive of excessive sex and subsequent abortion rates as

well as of a lack of respect for sex and subsequent commensurate abstinence—holds in both capitalism and socialism and would therefore point to the common root of the capitalist mind set. Samaritan, selfless love, is neither useful nor profitable in society. It dissolves in the profusion and management of humanitarian love that gives priority to *quantifiable* values. Society offers little opportunity for practicing selfless Samaritan love of the other. People choose to meet their own needs at the expense of others, leading to widespread greed and lack of responsibility.(Frings 1997)

In such fugitive observations on economics Scheler combines two fallacies which constantly provoked Mises to polemics: historicism and religiously based moralism. Capitalism is supposed to have somehow changed human nature, and to have changed it for the worse. However it was Mises himself, no doubt the very archetype of the “bourgeois” economist from Scheler’s point of view, who rejected “homo economicus” as a postulate of philosophical anthropology. In contrast to the older economics of Adam Smith and even Menger, Mises did not see the calculation of utilities as an intrinsic psychological property of human beings. As explained above, for Mises quantification does not apply to values, the calculation of prices being a convenience introduced into the market by the invention of money. A buyer or seller will go into the market and calculate how much a given commodity can be exchanged for in monetary terms. However when that same buyer or seller returns home it will still be impossible to set a quantitative measure on the love he or she bears for each individual in the family. Mises demonstrates the non-commensurable nature of values, as opposed to prices, as an a priori universal. The principle applies equally to all historical epochs and cultures, to the ancient as well as the modern, to the aristocrat and the proletarian as well as the bourgeois.

Fortunately Scheler’s desire to historicize the loveless, calculating bourgeois type is more a symptom of his cultural surroundings than of his essential thought. At heart Scheler is not a historicist, although his phenomenological philosophy is deeply informed by a knowledge of history. Like Mises he wants to find a measuring rod by which the panorama of historical fact can be assayed and understood. However he flies higher than Mises, who was willing to restrict his labors to the realm of economics. Scheler set out to set forth an ethics which was based on value rather than duty. In this respect he is a philosopher of freedom at heart. He is also deeply concerned with order and hierarchy, not a coerced order of formal obligation, but a hierarchy of ever more eternally valid evaluations. This hierarchy, from highest to lowest, can be set out in schematic form as follows.

1. the value rank of the holy and the unholy

2. the value rank of values of the mind:
 - a. juridical values
 - b. aesthetic values
 - c. values of knowledge
3. the value rank of life-style values: noble—ignoble
4. the value rank of utility values: useful—not useful
5. the value rank of sensible values: comfort—discomfort

(from Frings pp.29-30)

Now it might be presupposed that the above ranking of values reduces the phenomena typically dealt with by the science of economics to minor significance. However Mises bases economics on the concept of choice rather than preference, while on the contrary Scheler bases his axiology on preference rather than choice. From a Schelerian point of view there is a natural movement of the personality towards preferring higher values. Mises is noncommittal on this, since preferences, prior to their manifestation in choice, are excluded from the science of action (praxiology), which is in turn the foundation of economics. Preferences anterior to choice are banished by Mises to the murky realm of Thymology, which for him is a sort of black box limiting the necessity of economic explanation.

This Misesian self-limitation of economic theory leaves room for, although it by no means implies, the notion of an objective hierarchy of values. Mises himself was not temperamentally inclined to speculate on an objective ethics of values. Indeed, he never decisively broke with utilitarianism, in spite of the fact that his methodological treatises bore Kantian, Aristotelian, and phenomenological influences which were ultimately incompatible with utilitarianism. The most that can be said here is that Mises' apparent disinterest in Scheler's work, as opposed to that of the broader phenomenological movement, does not preclude a synthetic appreciation of their thought, especially now that the scholarly corpus of both men is now available in synoptic form.

Conclusion

In the confusion of America's culture wars libertarians and conservatives have been alternatively friends and enemies, agreeing from time to time on tactical issues, but more often than not divided by profound differences in philosophical orientation. Those libertarians who take their inspiration from the works of the Austrian economists while zealous for economic freedom, more often than not find themselves taking an agnostic position, not just in the theological sense, but towards the basic moral norms of society. (vis. Block 1991) On the other hand social conservatives increasingly find themselves falling back on articles of religious faith

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