

# Study Guide to *Human Action* by Robert P. Murphy

## **Chapter XXXIX. Economics and the Essential Problems of Human Existence**

### Chapter Summary

#### **1. Science and Life**

According to some critics, science is sterile because it is value free. Yet science provides humans with the information they need in order to properly form their valuations, and to choose the proper means to achieve their desired ends. From a philosophical view, it is true that all action is "vain," because people are never fully satisfied. Even so, they still act in order to achieve a more satisfactory state of affairs.

#### **2. Economics and Judgments of Value**

In conjunction with the above criticism—that economics is value free when it ought to show people how to live—there is the opposite one, that economist smuggle value judgments into their analyses. Economists themselves are partly responsible for this confusion. If an economist says that a price control is a "bad" policy, he is on scientific grounds only if he really means that this policy will not achieve its stated objectives. Similarly, the economist can recommend the market economy only if it is assumed that the objective is widespread prosperity and peace.

Another common objection is that economists assume people are only concerned with material well-being, when in reality people care about "irrational" objectives as well. This objection is baseless, because economics deals with action as such; there is no assumption that the action is directed toward material ends.

#### **3. Economic Cognition and Human Action**

Human freedom to act and choose is restricted in three ways. First, there are the physical laws of nature. Second, there are the individual's innate constitutional characteristics and environment. Third, there is the regularity of phenomena due to the connection between means and ends.

It is this third restriction on unbounded human choice that is the subject of praxeology. If people ignore its teachings, they will not annul economics, but they will stamp out society and the human race.

### Why It Matters

In this final chapter, Mises reminds the reader of the nature of economics and its connection to ultimate judgments of value. He ends by warning that ignorance of the teachings of economics may literally result in the demise of humanity itself.

## Technical Notes

- (1) Mises writes, "If an economist calls minimum wage rates a bad policy, what he means is that its effects are contrary to the purpose of those who recommend their application" (p. 879). Mises's follower Murray Rothbard would amend this analysis. In fact, many of the politicians and bureaucrats implementing interventionist policies achieve their desired goals—namely, winning elections or receiving larger budgets.
- (2) Another distinction between Mises and Rothbard is that Mises believed value judgments were ultimately beyond rational analysis (e.g., pp. 879–881). Rothbard rejected the so-called *is-ought* distinction, and thought that reason could shed light on the proper goals of humans. Even so, Rothbard agreed that *praxeology* was properly a value-free science.

## Study Questions

### 1. Science and Life

- What is meant by *Wertfreiheit*? How is it considered in modern science?

Comment: "Science does not value, but it provides acting man with all the information he may need with regard to his valuations."

Comment: "The subject matter of praxeology is merely the essential manifestation of *human* life, viz., action."

### 2. Economics and Judgments of Value

- In what sense can an economist call a policy good or bad?
- How does the economist answer the objection that people do not always strive for material well-being?
- In what way is economics apolitical or nonpolitical?

### 3. Economic Cognition and Human Action

- How is man's freedom to choose and to act restricted?

Comment: "But if they fail to take the best advantage of it and disregard its teachings and warnings, they will not annul economics; they will stamp out society and the human race."