

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

## Chapter XXXVII. The Nondescript Character of Economics

### Chapter Summary

#### 1. The Singularity of Economics

Economics is different from other branches of both pure knowledge and its practical utilization, because its theorems cannot be proven or falsified by experience. Naturally, action informed by faulty economic theories will be unsuccessful, but even here the failure will be shrouded in complex historical events. The economist can never definitely refute the economic cranks and charlatans in the same way that a doctor can refute a medicine man or snake-oil salesman. For example, a Keynesian can view the historical chronology of the Great Depression, and come away feeling that his theories are vindicated by "the facts." Such self-delusion is much harder to maintain in the experimental natural sciences.

#### 2. Economics and Public Opinion

Economics differs from other branches of knowledge in another respect: in order for the insights of the economic theorists to improve civilization, it is first necessary for the theorists (or popularizes) to convince the majority of the public. A pioneer in another field can proceed while the majority laughs at him; in the end, his successful results will speak for themselves. But sound economic policies cannot be implemented by a few outstanding thinkers; all governments ultimately rely on public opinion. The brilliance of a few economic theorists is irrelevant if the public clings to fallacious doctrines.

#### 3. The Illusion of the Old Liberals

The liberal philosophers of the Enlightenment made one fatal mistake: they assumed that the great majority would support capitalism because of its undeniable benefits and their (assumed) ability to reason correctly. The old liberals failed to anticipate the success of anticapitalist propaganda, specifically the ability of Marxists to convince the masses of even the Western countries of their progressive immiseration—contrary to obvious facts.

### Why It Matters

In this short chapter, Mises provides a springboard for those wishing to advance the ideas of liberty laid out earlier in the book. The twin difficulties facing such reformers are that (1) historical experience cannot "refute" bad economic doctrines, and (2) the majority must be convinced before sound economic policies can be implemented.

## Technical Notes

- (1) On page 858, Mises makes it clear that correct praxeological theorems, though established through a priori reasoning, are nonetheless of practical value to acting man. This point may seem obvious, but many critics of praxeology falsely interpret Mises to be claiming that praxeology is of no use in "the real world."
- (2) Mises writes, "The masses...do not conceive any ideas, sound or unsound. They only choose between the ideologies developed by the intellectual leaders of mankind. But their choice is final and determines the course of events" (p. 860). This is a nuanced position in the strategic debate for advancing liberty. Some argue that modern supporters of the free market should aim to convert the intelligentsia, while others claim that it is more important to target the common person. Mises here does not settle the dispute but clarifies that economic policies are ultimately dependent on the views of the general public—views however that are adopted based on those promulgated by the elites.

## Study Questions

### 1. The Singularity of Economics

- Why aren't economic theorems open to falsification or verification by experience?

### 2. Economics and Public Opinion

Comment: "The supremacy of public opinion determines not only the singular role that economics occupies in the complex of thought and knowledge. It determines the whole process of human history."

- On which factors does the flowering of human society depend?

### 3. The Illusion of the Old Liberals

- Which fact had been neglected by the old liberals with regard to public opinion? What were its consequences?