

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

Chapter VIII. Human Society

Chapter Summary

1. Human Cooperation

Society is the combination of individuals for cooperative effort. People collaborate—form social bonds—because they perceive the greater productivity afforded by the division of labor. This doesn't mean that people set about to "form" society, but rather that each particular act of cooperation was the outcome of deliberation. The feelings of belonging and camaraderie that characterize society are an offshoot of the material advantages of the division of labor. Without the latter, mere sentiments would not be sufficient to hold society together.

2. A Critique of the Holistic and Metaphysical View of Society

Throughout history many religious and other metaphysical intellectuals argued that society had an existence independent of the individuals composing it. God, Nature, or some other Force had His or its own ends for society, and the shortsighted and wicked individuals had to be forced to sacrifice their own selfish interests in order to achieve the greater plan.

The classical economists demonstrated that such theories are unnecessary. Social cooperation serves the interests of everyone; virtually all people prefer the advantages of civilization to the fleeting thrill of murder, theft, and other antisocial behavior.

Although society serves the rightly understood interests of all people, nonetheless some individuals are too narrow-minded or lack the moral will to respect the rules of civilized behavior. Mises believes that the function of a state or government is to check the antisocial behavior of such people.

Because all governments, no matter how despotic, ultimately rest on the tacit consent of the people, classical liberalism supports democracy as the only way to maintain peace. In other words, because the majority are going to get the rulers they want in any event, classical liberalism suggests ballots rather than bullets. This endorsement of democracy is purely to minimize violence, and doesn't rest on a naïve faith in the wisdom of the common man.

Praxeology and Liberalism

Liberalism is a political doctrine. In praxeology, "happiness" and "satisfaction" are purely formal terms. Yet in liberalism they take on concrete form; it is assumed that all (or most) men prefer wealth to poverty and health to sickness. Liberalism relies on the value-free theorems of praxeology in order to recommend the best routes to achieving these nearly universally held values.

Liberalism and Religion

Liberalism is a rational political doctrine that does not itself refer to God or other supernatural elements. However, it is wrong to view liberalism as "atheistic." On the contrary, the separation of church and state—a hallmark of liberalism—allows the various sects to preach their views unmolested. Liberalism certainly opposes theocracy, but not religion per se.

3. The Division of Labor

The superiority of the division of labor means that the yield per hour of labor can be increased when workers act in cooperation with each other. This empirical phenomenon is due to (1) the innate inequality of the abilities of workers in various tasks, (2) the unequal distribution of resources on the surface of the earth, and (3) the fact that some tasks are beyond the power of a single worker.

4. The Ricardian Law of Association

David Ricardo is credited with the discovery of the law of association, or the law of comparative cost. Although it is obvious that cooperation can make two people better off when each is the superior producer of a particular good, Ricardo took the argument a step further. Even if one person is superior at producing everything, even so he benefits from cooperating with the inferior partner. For example, a master chef benefits from hiring subordinates to chop vegetables and prepare the other ingredients, even if the chef could have performed these tasks better than the employees. This is because "outsourcing" the tasks to the inferior workers frees up the chef's time and allows him to concentrate on those areas in which his advantage is greatest.

Current Errors Concerning the Law of Association

Ricardo's demonstration makes some strong assumptions, for example that there are only two countries producing two goods, and that capital and labor are immobile within each country. However, his argument illustrates a central proposition of economics. The fact that even superior individuals can benefit from cooperation with "inferior" peers is the basis of civilization.

5. The Effects of the Division of Labor

The innate differences between men and regions of the world both cause and are enhanced by the division of labor. The introduction of mechanical, "labor saving" devices was only possible once the division of labor had transformed complicated projects into a succession of smaller tasks.

6. The Individual Within Society

Man emerged as a social being. There was never a time when (what we would call) humans lived in an asocial way. Praxeology deals with the isolated individual but that is only to understand his action.

The Fable of the Mystic Communion

The various theories of social bonds founder if they do not acknowledge the primacy of the division of labor.

7. The Great Society

Not all interhuman relations are social; war is of course antisocial. However, even here the recognition of the division of labor led to the gradual reduction in severity of hostilities. Conquerors no longer slaughtered their vanquished foes outright, but instead enslaved them. The development of "rules" of civilized warfare carried the process further.

8. The Instinct of Aggression and Destruction

Some writers extol the manly urges to kill and destroy that have allegedly been sapped by "unnatural" modern society. It may very well be that people thirst for bloodshed, but they also hunger for food and pang for fancy houses. Praxeology teaches that people must choose between these satisfactions.

Current Misinterpretations of Modern Natural Science, Especially of Darwinism

Modern liberalism does not rely on the (false) belief that men are created equal. Darwinism does not in any way invalidate the liberal creed; on the contrary, the traits conducive to social cooperation (rather than the allegedly "natural" instincts of aggression) are precisely those that maximize one's offspring in the current environment. Far from being unnatural, reason is the foremost biological mark of homo sapiens.

Why It Matters

In this chapter Mises aims to do nothing less than establish the foundation of civilization. Society is the great means through which individuals enhance their own productivity and thus attain a far greater state of satisfaction than would be possible in isolation. However, social bonds can only develop in an environment of peace and respect for property. Because the majority will always achieve what they desire (through force if necessary), the only hope for civilization is to persuade the masses that social cooperation is in their own interest.

Technical Notes

- (1) People often ask, "Was Mises an anarchist?" As the discussion on pages 148–149 makes clear, the immediate answer is no. However, a closer reading shows that Mises here uses anarchism to mean a lack of law enforcement. Nowhere does Mises discuss why the state must provide law, police, and military defense. He simply assumes that these are the proper functions of the state, and since they are necessary for society, therefore (Mises argues) the state is necessary.
- (2) Mises (pp. 161–162) underscores that the Ricardian law of association doesn't rely on the (fallacious) classical theory of value. Because of his restrictive assumptions, Ricardo's analysis could be couched purely in physical terms and he was thus able to provide a useful theorem even without the benefit of the modern subjective theory of value. If one wishes to go beyond the limitations of Ricardo's demonstration, the only recourse is to analyze in terms of money.

Study Questions

1. Human Cooperation

- What is society?

Comment: "[S]ociety is nothing but the combination of individuals for cooperative effort."

- Can society act?
- Why did cooperation and society emerge, according to Mises? What role does the division of labor play?

2. A Critique of the Holistic and Metaphysical View of Society

- Why and under which conditions does an individual substitute concerted action for isolated action? How is this opposed to the holistic doctrines?
- Why is society a product of human action?
- Has society been designed by humans?
- What is the essential problem of all the variants of collectivist ideas?
- What is Mises's perception of anarchism?
- What is the role of democracy, according to Mises? What does he think about majorities?
- In what way does his definition of the state differ from that of the socialists?

Comment: "[Liberalism] has full confidence in man's reason. It may be that this optimism is unfounded and that the liberals have erred. But then there is no hope left for mankind's future."

3. The Division of Labor

- Why is the division of labor more productive than isolated subsistence?

4. The Ricardian Law of Association

- What does the law of association show with regard to the division of labor?
- Consider the following example (note that Sally is more productive in both lines):

	1 Unit of p	1 Unit of q
Joe	3 hours	2 hours

Sally	2 hours	1 hour
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If Joe and Sally each give 24 hours to producing p and 24 hours to producing q, what would each get to consume in isolation? Is there a way they could cooperate so that (with the same expenditure of 48 hours each) they each consumed more of both goods than was possible without trade? (Hint: Suppose that Joe specializes entirely in the production of good p, and that fractional trading is possible.)

- What is the difference between the law of association and the law of comparative cost?
- How does the law of association relate to free trade?
- How does the mobility of factors of production affect Ricardo's law?

5. The Effects of the Division of Labor

- Why does the division of labor intensify the innate inequality of men?

6. The Individual Within Society

- What is the natural state of man?
- Why is it romantic nonsense to praise the days of primitive barbarism?

Comment: "The mystical experience of communion or community is not the source of societal relations, but their product."

7. The Great Society

- Why is peace preferable to war?
- What does society always imply with regard to human interactions?

8. The Instinct of Aggression and Destruction

- What is meant by "social Darwinism"? Is the term still used nowadays?
- What distinguishes man from other animals?
- What is the utilitarian view of unequal men?
- How did utilitarians show that cooperation is beneficial for the "most efficient" and the "less efficient"?
- Why do utilitarians recommend equality under the civil law?