

XXXIX. ECONOMICS AND THE ESSENTIAL PROBLEMS OF HUMAN EXISTENCE

1. Science and Life

IT is customary to find fault with modern science because it abstains from expressing judgments of value. Living and acting man, we are told, has no use for *Wertfreiheit*; he needs to know what he should aim at. If science does not answer this question, it is sterile. However, the objection is unfounded. Science does not value, but it provides acting man with all the information he may need with regard to his valuations. It keeps silence only when the question is raised whether life itself is worth living.

This question, of course, has been raised too and will always be raised. What is the meaning of all these human endeavors and activities if in the end nobody can escape death and decomposition? Man lives in the shadow of death. Whatever he may have achieved in the course of his pilgrimage, he must one day pass away and abandon all that he has built. Each instant can become his last. There is only one thing that is certain about the individual's future—death. Seen from the point of view of this ultimate and inescapable outcome, all human striving appears vain and futile.

Moreover, human action must be called inane even when judged merely with regard to its immediate goals. It can never bring full satisfaction; it merely gives for an evanescent instant a partial removal of uneasiness. As soon as one want is satisfied, new wants spring up and ask for satisfaction. Civilization, it is said, makes people poorer, because it multiplies their wishes and does not soothe, but kindles, desires. All the busy doings and dealings of hard-working men, their hurrying, pushing, and bustling are nonsensical, for they provide neither happiness nor quiet. Peace of mind and serenity cannot be won by action and secular ambition, but only by renunciation and resignation. The only kind of conduct proper to the sage is escape into the inactivity of a purely contemplative existence.

Yet all such qualms, doubts, and scruples are subdued by the irresistible force of man's vital energy. True, man cannot escape death. But for the present he is alive; and life, not death, takes hold of him. Whatever the future

may have in store for him, he cannot withdraw from the necessities of the actual hour. As long as a man lives, he cannot help obeying the cardinal impulse, the *elan vital*. It is man's innate nature that he seeks to preserve and to strengthen his life, that he is discontented and aims at removing uneasiness, that he is in search of what may be called happiness. In every living being there works an inexplicable and nonanalyzable *Id*. This *Id* is the impulsion of all impulses, the force that drives man into life and action, the original and ineradicable craving for a fuller and happier existence. It works as long as man lives and stops only with the extinction of life.

Human reason serves this vital impulse. Reason's biological function is to preserve and to promote life and to postpone its extinction as long as possible. Thinking and acting are not contrary to nature; they are, rather, the foremost features of man's nature. The most appropriate description of man as differentiated from nonhuman beings is: a being *purposively* struggling against the forces adverse to his life.

Hence all talk about the primacy of irrational elements is vain. Within the universe the existence of which our reason cannot explain, analyze, or conceive, there is a narrow field left within which man is capable of removing uneasiness to some extent. This is the realm of reason and rationality, of science and purposive action. Neither its narrowness nor the scantiness of the results man can obtain within it suggest the idea of radical resignation and lethargy. No philosophical subtleties can ever restrain a healthy individual from resorting to actions which—as he thinks—can satisfy his needs. It may be true that in the deepest recesses of man's soul there is a longing for the undisturbed peace and inactivity of a merely vegetative existence. But in lining man these desires, whatever they may be, are outweighed by the urge to act and to improve his own condition. Once the forces of resignation get the upper hand, man dies; he does not turn into a plant.

It is true, praxeology and economics do not tell a man whether he should preserve or abandon life. Life itself and all the unknown forces that originate it and keep it burning are an ultimate given, and as such beyond the pale of human science. The subject matter of praxeology is merely the essential manifestation of *human* life, viz., action.

2. Economics and Judgements of Value

While many people blame economics for its neutrality with regard to value judgments, other people blame it for its alleged indulgence in them.

Some contend that economics must necessarily express judgments of value and is therefore not really scientific, as the criterion of science is its valuational indifference. Others maintain that good economics should be and could be impartial, and that only bad economists sin against this postulate.

The semantic confusion in the discussion of the problems concerned is due to an inaccurate use of terms on the part of many economists. An economist investigates whether a measure a can bring about the result p for the attainment of which it is recommended, and finds that a does not result in p but in g , an effect which even the supporters of the measure a consider undesirable. If this economist states the outcome of his investigation by saying that a is a bad measure, he does not pronounce a judgment of value. He merely says that from the point of view of those aiming at the goal p , the measure a is inappropriate. In this sense the free-trade economists attacked protection. They demonstrated that protection does not, as its champions believe, increase but, on the contrary, decreases the total amount of products, and is therefore bad from the point of view of those who prefer an ampler supply of products to a smaller. It is in this sense that economists criticize policies from the point of view of the ends aimed at. 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.

From the same point of view praxeology and economics look upon the fundamental principle of human existence and social evolution, viz., that cooperation under the social division of labor is a more efficient way of acting than is the autarkic isolation of individuals. Praxeology and economics do not say that men should peacefully cooperate within the frame of societal bonds; they merely say that men must act this way *if* they want to make their actions more successful than otherwise. Compliance with the moral rules which the establishment, preservation, and intensification of social cooperation require is not seen as a sacrifice to a mythical entity, but as the recourse to the most efficient methods of action, as a price expended for the attainment of more highly valued returns.

It is against this substitution of an autonomous, rationalistic and voluntaristic ethics for the heteronomous doctrines both of intuitionism and of revealed commandments that the united forces of all antiliberal schools and dogmatisms direct the most furious attacks. They all blame the utilitarian philosophy for the pitiless austerity of its description and analysis of human nature and of the ultimate springs of human action. It is not necessary to add anything more to

the refutation of these criticisms which every page of this book provides. Only one point should be mentioned again, because on the one hand it is the acme of the doctrine of all contemporary pied pipers and on the other hand it offers to the average intellectual a welcome excuse to shun the painstaking discipline of economic studies.

Economics, it is said, in its rationalistic prepossessions assumes that men aim only or first of all at material well-being. But in reality men prefer irrational objectives to rational ones. They are guided more by the urge to realize myths and ideals than by the urge to enjoy a higher standard of living.

What economics has to answer is this:

1. Economics does not assume or postulate that men aim only or first of all at what is called material well-being. Economics, as a branch of the more general theory of human action, deals with all human action, i.e., with man's purposive aiming at the attainment of ends chosen, whatever these ends may be. To apply the concept *rational* or *irrational* to the ultimate ends chosen is nonsensical. We may call irrational the ultimate given, viz., those things that our thinking can neither analyze nor reduce to other ultimately given things. Then every ultimate end chosen by any man is irrational. It is neither more nor less rational to aim at riches like Croesus than to aim at poverty like a Buddhist monk.

2. What these critics have in mind when employing the term *rational ends* is the desire for material well-being and a higher standard of living. It is a question of fact whether or not their statement is true that men in general and our contemporaries especially are driven more by the wish to realize myths and dreams than by the wish to improve their material well-being. Although no intelligent being could fail to give the correct answer, we may disregard the issue. For economics does not say anything either in favor of or against myths. It is perfectly neutral with regard to the labor-union doctrine, the credit-expansion doctrine and all such doctrines as far as these may present themselves as myths and are supported as myths by their partisans. It deals with these doctrines only as far as they are considered doctrines about the means fit for the attainment of definite ends. Economics does not say labor unionism is a bad myth. It merely says it is an inappropriate means of raising wage rates for all those eager to earn wages. It leaves it to every man to decide whether the realization of the labor-union myth is more important than the avoidance of the inevitable consequences of labor-union policies.

In this sense we may say that economics is apolitical or nonpolitical,

although it is the foundation of politics and of every kind of political action. We may furthermore say that it is perfectly neutral with regard to all judgments of value, as it refers always to means and never to the choice of ultimate ends.

3. Economic Cognition and Human Action

Man's freedom to choose and to act is restricted in a threefold way. There are first the physical laws to whose unfeeling absoluteness man must adjust his conduct if he wants to live. There are second the individual's innate constitutional characteristics and dispositions and the operation of environmental factors; we know that they influence both the choice of the ends and that of the means, although our cognizance of the mode of their operation is rather vague. There is finally the regularity of phenomena with regard to the interconnectedness of means and ends, viz., the praxeological law as distinct from the physical and from the physiological law.

The elucidation and the categorial and formal examination of this third class of laws of the universe is the subject matter of praxeology and its hitherto best-developed branch, economics. The body of economic knowledge is an essential element in the structure of human civilization; it is the foundation upon which modern industrialism and all the moral, intellectual, technological, and therapeutical achievements of the last centuries have been built. It rests with men whether they will make the proper use of the rich treasure with which this knowledge provides them or whether they will leave it unused. 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.