

## THE EXTRAORDINARY CLAIM OF PRAXEOLOGY

**ABSTRACT.** The author states first praxeology's dilemma: if its theoremes are a priori in the unidimensional sense in which praxeology seems to be intended, then the theory as represented in the theorem is inapplicable. If it is not a priori in that sense, then praxeology is already defeated. In a concrete analysis of a part of a praxecological system the author shows that the contention which sees economic theory simply as the result of formal deduction starting from an a priori axiom is unfounded. As a language, praxeology is not 'water-tight'; its line of reasoning must always draw from the inarticulate background of professional knowledge. Praxeology can be explained away as a process of dialectical redefinition of concepts, ultimately and inevitably dependent upon empirical hypotheses.

Ludwig Von Mises and his disciples claim that Economics is a branch, the only developed branch to be sure, of a general science of human action which they have christened 'praxeology'. The important point, and the one which makes this claim sound extraordinary, is that they also argue the a priori character of praxeology. The general science of human action, they say, "starts from the a priori category of action and develops out of it all that it contains..."<sup>1</sup> Extraordinary as this claim sounds, it has not received as far as I know a commensurate rebuttal either from economists or philosophers. Economists largely disregard altogether the claim rather than take the trouble to refute it; this may be in part due to the extensive use of philosophical trappings in the writings of the school, which tend to deter the non-specialist. Philosophers, on the other hand, do not feel free to criticize, since the books of the school usually begin with warnings like 'this essay is not a contribution to philosophy'.<sup>2</sup> The present writer is daring enough to ignore the warnings and sufficiently concerned with the problems of economic methodology to take the trouble of rebutting.

According to Von Mises, praxeology only pays attention to problems that are of some use in the study of the real actions of men. But this does not affect the purely aprioristic character of the science and of its theorems. The fact that a particular theorem, transcendently deduced without any help from experience, turns out to be applicable to a concrete situation is a circumstance totally external to the theorem itself. This contention gives

me ground for the construction of a destructive argument against praxeology, namely, one based on the problem of the application of an a priori theorem to an empirical situation. I put forward the dilemma that if the theorem is a priori in the unidimensional sense in which praxeology seems to be intended, then the theory as represented in the theorem is inapplicable. If it is not a priori in that sense, then praxeology is already defeated.

The difficulty I see here has to do with the description of the (empirical) conditions which must form part of the theorem in order for it to be applicable. Even if the theorem is a priori it has to mention the factual situation under which one is saying that the theorem is relevant. But this mention has to be made in a language, and the language one has to use must be empirical, in the sense of being capable of expressing the conditions of application of the theorem. Such a language would have to have been learned in close intercourse with experience. Furthermore, that experience should have occurred in precisely the area where praxeology is claiming to have something to say. Therefore, we are led to the conclusion that the application of a praxeological theorem supposes already the (empirically acquired) economic language and, by implication, (empirical) economic knowledge.

A plausible objection might be produced in these terms: It is not legitimate to suppose that there are two different languages, one a priori and the other empirical. This I readily admit. The analytic aspect and the synthetic aspect discernible in every statement of a language do not suffice to conclude the separate existence of purely analytic or purely synthetic statements. But what does this mean in regard to praxeology? It means, I think, that the only language we have cannot be an aprioristic language, any more than it can be 'purely empirical'. A dialectical interaction between the given (a priori) language and the application to the concrete case is always present. Although one can make a distinction between 'relevance' and 'truth' for particular purposes this distinction breaks down as soon as one takes it as a foundation for epistemology.

I will present in the rest of this paper a concrete analysis of a part of a praxeological system, and try to show that, as logical inference goes, it is not a literal, strictly unidimensional, or 'water-proof' one. The inference is rather a complex one, entailing a dialectical re-definition of concepts.

The following is my selection of crucial statements from a praxeological system; the numbers are mine, but the statements (except (1') and (1))

and their sequential order are taken from Praxeology according to Murray N. Rothbard.<sup>3</sup>

(1<sup>n</sup>) Human action is defined simply as purposeful behavior...<sup>4</sup>

This is the basic axiom or fundamental praxeological postulate. If now we ask what its logical status is, one could try for one of these: either a nominal definition, or an empirical truth, or a useful device, or a real definition, or a category (if one accepts 'category' as a distinct type of statements). But we should not be concerned here with that status. (1<sup>n</sup>) is the axiom of the system, and we are not quarreling with the status of the axiom; only with the character of the deduction. However, it is important that we establish in a precise way what the informative content of the axiom is. We have to be able to make certain that some statements are, whereas other statements are not, implied by the axiom.

If we concentrate on the task of establishing a precise informative sense for the axiom, we will find it very difficult. The issue is fogged with ambiguity. Take for example the efforts in clarification of Israel M. Kirzner. For him, praxeological rationality consists in the "consistent pursuit of one's own purposes."<sup>5</sup> The use of the word 'consistent' introduces a complication in terminology since clearly it is not simply logical consistency what is meant. One should like to say that it is rather the persistence of a purpose as such, as a purpose, that is intended. The invariability of the ends and the respective line of action during a definite span of time. Still, there is the additional declaration that "in the praxeological view, action is rational by definition."<sup>6</sup> To that view, then, even "a man who is swayed from the pursuit of his own best interests by falling prey to a fleeting temptation is yet acting 'rationally' in the praxeological sense. In the praxeological view, the man has simply substituted a new set of ends..."<sup>7</sup> This forces us into concluding that praxeological judgments are intended as true only in relation to assumed (fixed) programs. They depend completely on a tendency of human beings which demands that given programs be respected. If it is said that "the selection of an end can never, as such, be judged in regard to its rationality,"<sup>8</sup> then one cannot avoid the implication that praxeology as an a priori injunction must be somehow equivalent to a plea that ends remain invariable: *Consilia sunt servanda!* Under this light, I think, we can paraphrase (1<sup>n</sup>) thus

(1<sup>1</sup>) There must be in the world such a thing as persistent conscious motion toward a fixed goal.

Again, if we are going to disregard in the axiom all that is not informative, if we are going to ignore its existential aspects to concentrate only in its conceptual content, then (1') can be simplified to read thus

- (1) Human action is the persistent conscious motion toward a fixed goal.

Therefore, it is in (1) where one should be able to find the whole content of praxeological knowledge, if the extraordinary claim of praxeology is valid. Hence, (1) will be taken as our starting point or primitive statement for the critical demonstration game.

- (2) The first truth to be discovered about human action is that it can be undertaken only by individual 'actors'. ...<sup>9</sup>

This proposition seems not to be a nominal definition simply equating 'actor' with 'individual'. Rather, it seems to be saying that there are no collective actors. It is then a real definition, not a nominal one. Now, I contend that it is not implied by (1) unless one makes (1) to imply it. I can conceivably take (1) as allowing for collectives "consciously moving toward a goal". If I, however, prefer not so to take it, then I am making a dialectical decision, drawing an addition or correction to the original picture, to the primitive direct interpretation of the content of (1). The addition would not be arbitrary. It would be based on the tacit knowledge I have about how people act, on an elicitation of what we have come to see as the normal use of the words 'human action'. This being so, one begins to wonder whether the original interpretation or the axiom itself exists as a separate statement; or rather the proposition "fully, clearly and necessarily present in every human mind"<sup>10</sup> is nothing short of the whole of ordinary language – continually reinterpreted by the very use we make of it. Less radically, one could accept, at least for the sake of the argument, that there is some original, almost empty, interpretation of (1), and as one learns about human action, one gradually enriches it with new content. Let us give a name to this operation of altering the interpretation of a given primitive statement in order to convey more information. Let us call it 'dialectical re-definition', or perhaps better 'retro-definition'. We shall have occasion for repeated use of this newly coined term in the course of the analysis.

- (3) Action requires an image of a desired end and "technological ideas" or plan on how to arrive at this end.<sup>11</sup>

I think this is another clear case of retro-definition. I can conceivably

take (1) to allow for ‘magical ideas’ being used in our pursuit of ends. Why not? But we tacitly know, independently of (1), that magic just would not work – although ‘we’ in this context should not be identified with the whole of the human race. So, we *prefer* to take ‘purposeful behavior’ as implying ‘technological ideas’.

- (4) All action aims at rendering conditions at some time in the future more satisfactory for the actor than they would have been without the intervention of the action.<sup>12</sup>

As with (2), here one has to choose between interpreting the statement in a nominal way or in a real way. The difference is in this case that one could not say that (4) is a *true* real definition, for the simple reason that as a real definition it would be a false statement. In fact, I know that I sometimes act not for altering the future but merely for enjoying the present, i.e., the action itself; e.g., in play, and artistic or religious contemplation. To maintain the contrary would be equivalent to saying that one never does anything except for the future. The unpalatable result will then be that, practically speaking, there is no present at all. And this is clear nonsense. I enjoy very often the action of not-being-concerned.

Since the *real* interpretation is false, one cannot but take the other horn of the alternative: the definition is a *nominal* one. More properly speaking, this being an alleged inference from (1), this is a (nominal) retro-definition. But I have defined “retro-definition” as a device that tends to make the original definition convey *more* information, and it is clearly the case that this nominal definition tends rather to make it convey *less* information; hence I am led to propose for it the rather awkward type-name of ‘inverse retro-definition’. The function of the type is to save the original definition or primitive statement from the assault of adverse experience. It is a part that the intention of (4) is the postulation of *homo oeconomicus*. Its retro-definitional form makes the postulate appear as a deductive inference from the ‘basic axiom’. As with all Kantian apriorism the strategy here seems to be: be realistic half the time, nominalist the other half, and pretend to be neither!

- (5) Action takes place by choosing which ends shall be satisfied by the employment of means...

.....

When we must use a means so that some ends remain unsatisfied, the necessity for a choice among ends arises...<sup>13</sup>

These statements simply do not follow from (1); neither do they follow from any of the propositions (1)–(4). We suddenly begin to read about several ends (for a single actor, as understood) when in (1) there is no mention of any kind of multiplicity. One can, of course, reply that this is an auxiliary (and empirical) hypothesis. But this just would not do, because (1) does not talk about multiplicity of ends and hence it is inapplicable to the case envisioned by the hypothesis. We have to reinterpret again the original statement so that it may allow for multiplicity of (simultaneous) ends. But neither would this do. Because ends may be either compatible or incompatible. If they are the former, they are one (bigger) end, not really several (conjunction is a very simple logical operation). If they are the latter, then they are no end at all (the actor does not know what he wants). Reinterpretation of (1) in terms of compatible ends is superfluous; in terms of incompatible ends, impossible. Is there a way out? There is, but it implies a full analysis of the crucial notion of ‘substitution’, and this notion is not present at all in the basic axiom short of reinterpretation beyond possible recognition.

(6) All means are scarce. ...<sup>14</sup>

The analysis of (6) could run parallel to the analysis of (4). The postulation which is being made is here the dogma of the applicability of marginal analysis to the real world. This is also an inverse retro-definition; therefore, it is of nominal type. It is not clear, however, as it was in the case of (4), that the *real* interpretation is false. What is claimed, beyond a restatement of the essential content of (4), is that there will never be abundance in the world. The *persistence of dissatisfaction* is asserted. This is a flat addition to the original assertion of *persistence of ends*. Prima facie, that addition seems to be true, although recent technological, medical, and social developments make less improbable that a state of practical non-scarcity could be some day attained. Therefore, the real definition is not clearly false, although it is not, to my mind, clearly true either. Because of this qualification, then, we can say that (6) can alternatively be interpreted as a *straight*, rather than inverse, retro-definition (adding informative content to the original axiom).

(7) The actor may be interpreted as ranking his alternative ends. ...<sup>15</sup>

Is this to say that there must always be only one end? For ‘ranking’ in this context means to assign an ordinal number to every partial end so as to make compatible otherwise conflicting ends (it is not excluded that the

satisfaction of a particular end be divided in different units, each receiving a separate ordinal number). A scale of preferences must be built and the scale itself is to be from now on the spokesman for the formerly conflicting ends. Its voice is to be now the single end. One might say that while this ranking is being done the actor is not economizing but, perhaps, 'philosophizing', since the selection of ends is not the business of praxeology. After the ranking is done, the actor is not economizing either but 'mathematizing', since purely tautological operations seem not to be the business of economics either. This may be called the *dilemma of ranking*. Its solution implies, again, an analysis of the concept of 'substitution' and of the specific role of subjectivity in economic theory. Unfortunately, there is no space to do it in this paper. But apart from that, it is also true that (7) is not a deduction from (1). The supposition that ranking must precede action is a new addition to the original interpretation – one can easily imagine a situation in which action is performed with the inquisitive intention of finding out what the relative weights of one's wishes are.

- (8) All human choices are continually changing... as a result of changing valuations and changing ideas about the most appropriate means of arriving at ends...<sup>16</sup>

This statement seems to be an empirical generalization about the evolution of mankind in the ethical and the technological fields. In that condition, it cannot be a consequence of (1). Nevertheless, it appears in a section entitled 'First Implications of the concept [of action].' My special interest lies only on part of (8), namely the part before the first ellipsis, and it is interesting because it appears to be in direct contradiction to (1). At least, to the existential interpretation of (1). But people do not want to assert clear contradictions like this. We should try to save the consistency of the system by understanding (8) as a qualification of (1), i.e., we should read 'either (1) or (8)' rather than 'both (1) and (8)'. Now, '(1) or (8)' is certainly not a contradiction, but unfortunately it is a tautology. It says that ends do persist or else they are continually changing!

Can we somehow save the informative power of such a proposition? A way of doing that would be to interpret the connection between the two statements in a quantitative sense, that is, the disjunction of them as asserting a differential degree of frequency or probability. If (1) is the main statement and (8) is the qualification, the content of the former will be a description of the most probable or common occurrence in the real

world. But this, incidentally, would be irrefutable only in the restricted sense in which one says that every probability statement is irrefutable, not in the sense of a priori praxeology. Besides, this approach will of necessity clash with the praxeologist instinctive repugnance for the statistical method. Therefore, it seems sound to take (8) as an 'auxiliary hypothesis' of empirical nature. But then, (8) not being derived from (1), most of the interesting questions will be left outside praxeology. The axiom (1) will have to be interpreted as something absolute, it will be something like an 'inertia point' of teleological intelligibility; all the real instances of action will be deviations from that ideal point: "Man is always trying to do the same thing (unless, of course, that he decides to change his mind and do something else; but this would be an empirical matter)." The fruitfulness of such inertia approach might not prove as large in human affairs as it has proved in the physical sciences. Besides, this extreme interpretation of (1) makes it much more difficult to accept the thesis that the axiom expresses a necessary and a priori content of the human mind. Its artificiality is now all too much in evidence!

(9) Means... are called goods.... Such goods may all be classified in either of two categories: [consumers's goods or factors of production].

.....

(10) The factors of production may all be divided into two classes: Those that are themselves produced, and those that are found already available in nature...<sup>17</sup>

All these are logical divisions. Logical division is not implication from the original proposition that uses the undivided concept. It cannot be because the original proposition does not even distinguish between the parts that are the result of the division, which the 'derived' propositions speak of. All divisions are either *nominal*, and arbitrary to that extent, or *real*, and therefore dependent on experience. If they are real, they amount to empirical generalizations. They are not deductions from purely formal axioms. It is in the nature of logical division to have either one of these two purposes: to serve as a catalog (a filing system) or to serve as a taxonomy (a system of concepts which somehow reflect the natural divisions of the world). It goes without saying that the divisions in (9) and (10) are not intended as a simple catalog. They must be intended as a taxonomy, and so they are. But to make these taxonomic divisions, one



has to use fully the (empirical) economic knowledge which is at hand. One still would want to say that these divisions are also 'auxiliary hypotheses' in order to apply or make relevant economic 'pure' theory. So let them be! But then it becomes more and more apparent that the term 'relevant' is being used in an awkward way, since what I should like to know is whether praxeology is *true* or *false*, not simply relevant or irrelevant. The pertinent question is whether true economic knowledge, as commonly understood, is or is not derivable from the praxeological first principle. I hope I am contributing to show that it is not.

(11) If we wish to trace each stage of production far enough back to original sources, we must arrive at a point where only labor and nature existed and there were no capital goods. ...

.....

(12) There is another unique type of factor of production that is indispensable in every stage of every production process. This is the 'technological idea'....

(Once learned) it becomes a general condition of human welfare in the same way as air.<sup>18</sup>

It is inherent to any logical division that it facilitates some talk and hinders some other. In this sense we can say that some divisions are true and others false. Some divisions are more nearly true than some others. Divisions cannot be totally arbitrary. In the particular case of divisions (11) and (12) we can run into linguistic trouble. This is another strong reason against the praxeological approach. According to (11) one cannot talk about capital before the humanization of man takes place. Nevertheless, some economists or philosophers might think it profitable so to talk. They might think of man himself as being 'capital'. Another similar hindrance occurs, according to (12), with respect to knowledge, in many respects the most productive 'capital' of all. But we cannot call it capital, not even a factor of production, not even a good, not even a means, since it is unlimited! If one cannot treat knowledge as capital in the praxeological setup, then some radical limitations in the nature of praxeological thinking are being uncovered in this connection.

The analysis could go on. Yet, I think that the work done suffices to show the unsoundness of the extraordinary praxeological claim. I may conclude that the contention which sees economic theory simply as the result of formal deduction starting from an a priori axiom is unfounded.

As a language, praxeology is not 'water-tight'; its line of reasoning must always draw from the inarticulate background of professional knowledge. Praxeology can be explained away as a process of dialectical redefinition of concepts, ultimately and inevitably dependent upon empirical hypotheses.

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