

# Ludwig von Mises and the Rational Basis for a Science of Ethical Actions

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A paper prepared for the Prague Conference on Political Economy,  
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Adam Knott



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## **The Austrian School and Exact Laws**

Austrian Economics is Mengerian economics. As Peter G. Klein writes:

“...the core concepts of contemporary Austrian economics—human action, means and ends, subjective value, marginal analysis, methodological individualism, the time structure of production, and so on—along with the Austrian theory of value and price, which forms the heart of Austrian analysis, all flow from Menger’s pathbreaking work.”<sup>1</sup>

In addition to the concepts listed by professor Klein, the concept of *exact laws* figures prominently in Carl Menger’s thought and in Austrian Economics. The idea that there are universally valid exact laws of human action is perhaps the most central of all the concepts of Austrian School social science. And it could be argued that the concepts listed by professor Klein are *subordinate* in Austrian theory

to the search for exact laws and that these concepts are *means* of conceiving exact laws—exact laws and their conception being the ultimate aim in Menger’s vision of exact theoretical research. The science which Menger refers to as *theoretical exact science*, which Mises refers to as *praxeology*, and which Hayek refers to as the *Pure Logic of Choice*, is characterized by Menger in the following way:

“The aim of this orientation, which in the future we will call the *exact* one, an aim which research pursues in the same way in all realms of the world of phenomena, is the determination of strict laws of phenomena, of regularities in the succession of phenomena which do not present themselves to us as absolute, but which in respect to the approaches to cognition by which we attain to them simply bear within themselves the guarantee of absoluteness. It is the determination of the laws of phenomena which commonly are called “laws of nature,” but more correctly should be designated by the expression “*exact laws*.”<sup>ii</sup>

Related to the idea of exact laws is another characteristic of Mengerian and Austrian Economics. This is the view that all realms of the world of phenomena have their *exact* as opposed to their *empirical* orientations. Above, Menger refers to the idea that “research pursues” an exact orientation in *all* realms of the world of phenomena, and that this orientation is a certain “approach to cognition” by which we attain the exact knowledge in question. Mises follows Menger in conceiving his *praxeology* as an exact orientation, and he repeats often that praxeology is the same kind of science as mathematics and formal logic.<sup>iii</sup>

Thus, two central conceptions of Austrian Economics are, 1) that the aim of this orientation of research is exact laws of human action, and, 2) that this orientation of research—whatever one chooses to call it—is of the same formal and logical character as the exact orientation of research in other realms of phenomena, with formal logic and mathematics being two exemplars. The search for exact laws and the formal-analytical “approach to cognition” which “bears within itself the guarantee of absoluteness” are two of the founding

pillars of Austrian School social thought. Mises simply says this in different words when he writes that “Praxeological knowledge makes it possible to predict with apodictic certainty the outcome of various modes of action.”<sup>iv</sup>

Austrian School social science is concerned with conceiving exact laws of human action by means of an approach to cognition that bears within itself the guarantee of apodictic certainty.

### **The Significance of Exact Laws in Social Science**

If the centrality of the search for exact laws has been somewhat overlooked in recent times, so has the significance of exact laws vis-à-vis their effect on social or interpersonal relations. It seems to have been forgotten, at least by some, that to the extent a scientific law asserts a necessary connection between two phenomena, A and B, then the law provides an individual a reason to abstain from trying to attain A, in cases where he wants to avoid B. If an exact law of human action of the type economics tries to formulate, demonstrates how B necessarily follows A or is co-present with A, then a person who was contemplating trying to cause A to happen may abandon or modify his plans upon learning that the occurrence of B must necessarily accompany the occurrence of A. Importantly, he may abstain from an attempt to cause A to happen—absent government intervention and absent the threats of others—solely because he wants to avoid the occurrence of B, which the exact law instructs him is necessary and cannot be avoided if A occurs. When this happens, an individual modifies or changes his plans due to self-interest. He views the occurrence of B as harmful to himself. Society is improved—without the need for government intervention and without the need for interpersonal confrontation—for all those in society who also considered the occurrence of B harmful to *themselves*.

The significance of exact laws of human action is that as knowledge of them becomes more widespread, the realm of “consequence free” behavior is restricted correspondingly in the minds of human actors, and they increasingly abstain from various actions not because of interpersonal threats of retaliation or threats of government coercion, but because they want to avoid the necessary and self-inflicted consequence of the action they were contemplating. In short, government intervention and the need for interpersonal confrontations are unnecessary to the extent that an individual abstains from actions his fellow citizens consider harmful, because he wants to avoid the self-inflicted consequences his own actions would bring about.

We can reasonably expect the demonstration that specific consequences must accompany various modes of action to be influential in the above manner, to the extent the asserted consequences are absolutely necessary and not contingent on the presence or absence of other phenomena. If an individual can obtain A while avoiding the occurrence of B by resorting to some technique or method, then *in principle* B does not necessarily follow A or is not necessarily co-present with A. B may be avoided while A is obtained. And thus, it is not necessary to abstain from A in order to prevent the occurrence of B.

Menger writes:

“The greater the strictness of the laws, the greater also the degree of certainty with which, on the basis of these laws, conclusions can be drawn beyond direct experience about the occurrence of future phenomena, or about the coexistence of simultaneous phenomena not directly observed. Without doubt the fact that laws of the succession and the coexistence of phenomena are not rigorous ones accordingly diminishes the certainty of the conclusions based on them and with this also that of predicting and controlling the phenomena.”<sup>v</sup>

Mises writes:

“The starting point of experimental knowledge is the cognition that an *A* is uniformly followed by a *B*. The utilization of this knowledge either for the production of *B* or for the avoidance of the emergence of *B* is called action. The primary objective of action is either to bring about *B* or to prevent its happening.”<sup>vi</sup>

### **Exact Laws as A Priori Propositions in Misesian Praxeology**

In general, Mises refers to the idea of *a priori propositions* or *a priori concepts* and not the idea of *exact laws*. Such a priori propositions are essentially the same thing as Menger’s exact laws however, in that they express a necessary relationship between entities:

“Theory as distinct from history is the search for constant relations between entities or, what means the same, for regularity in the succession of events.”<sup>vii</sup>

It is worth noting that Mises here communicates the relationship between entities by means of a pluralistic expression. Mises’s “constant relations—or—regularity in succession” is similar to Menger’s “coexistence—and—succession.” They refer to the idea of the *co-presence* of phenomena and to the idea of the *succession* of phenomena.

Mises’s a priori concepts or propositions express a necessary relationship between entities by referring to how things are related in the mind of the individual actor:

“For, as must be emphasized again, the reality the elucidation and interpretation of which is the task of praxeology is congeneric with the logical structure of the human mind. The human mind generates both human thinking and human action.

Human action and human thinking stem from the same source and are in this sense homogeneous. There is nothing in the structure of action that the human mind cannot fully explain. In this sense praxeology supplies certain knowledge.”<sup>viii</sup>

“...the characteristic feature of a priori knowledge is that we cannot think of the truth of its negation or of something that would be at variance with it. What the a priori expresses is necessarily implied in every proposition concerning the issue in question. It is implied in all our thinking and acting. If we qualify a concept or proposition as a priori, we want to say: first, that the negation of what it asserts is unthinkable for the human mind and appears to it as nonsense; secondly, that this a priori concept or proposition is necessarily implied in our mental approach to all the problems concerned, i.e., in our thinking and acting concerning these problems.”<sup>ix</sup>

Consider the proposition that walking toward one location (phenomenon A) necessarily entails walking away from another location (phenomenon B). That such is the case is certainly “implied in our mental approach to all the problems concerned.” When we consider walking to one location, it is with the understanding that in so doing, we will be walking away from another location. And it seems reasonable to hold that the negation of this concept or proposition “appears as nonsense” to us.

Perhaps the question whether the negation of this idea is *absolutely* unthinkable for all human minds—now and in the future—need not be positively established.

“It may be admitted that it is impossible to provide conclusive evidence for the propositions that my logic is the logic of all other people and by all means absolutely the only human logic and that the categories of my action are the categories of all other people’s action and by all means absolutely the categories of all human action.”<sup>x</sup>



However, praxeology, as the logical science of human action, does not deal with logic “in general”—the logic of all kinds of beings. Praxeology deals with *human* action and *human* logic, specifically the logical structure of action that we have access to as acting beings of a specific nature.

“The only way to a cognition of these theorems is logical analysis of our inherent knowledge of the category of action. We must bethink ourselves and reflect upon the structure of action. Like logic and mathematics, praxeological knowledge is in us; it does not come from without.”<sup>xi</sup>

The propositions of praxeology then, apply not to beings in general, but to beings whose minds have the same logical structure as that supposed by praxeology. *That* particular mind with *that* particular logical structure Mises refers to as the *human* mind. And thus:

“The a priori sciences—logic, mathematics, and praxeology—aim at a knowledge unconditionally valid for all beings endowed with the logical structure of the human mind.”<sup>xii</sup>

Beings for which walking toward one location does not necessarily entail walking away from another location are beings for which the propositions of praxeology do not apply. Such beings, unknown to us, could perhaps venture far up the sides of steep mountains, or swim far out to sea, all the while remaining only half a step away from the safety of their own homes. Praxeological theorems and propositions apply to beings endowed with the logical structure of the *human* mind. Praxeological theorems and propositions inform such a human being that the incontestable “consequence” of attaining A (reaching a far-away destination) is B (leaving someplace far behind). To avoid leaving someplace far behind (phenomenon B), abstain from travelling far away (phenomenon A).

## **Market/Catallactic-Directed Action Only One Form of Action**

As those familiar with the writings of Mises know, Mises often repeats that economics is the best elaborated part of praxeology, and this implies that there are other parts of praxeology not yet elaborated. But what does this mean?

Economic science traditionally has been concerned with those human actions that result in, manifest in, or are conceivable in terms of, *market* phenomena:

“Ever since people have been eager for a systematic study of economics or political economy, all have agreed that it is the task of this branch of knowledge to investigate the market phenomena, that is, the determination of the mutual exchange ratios of the goods and services negotiated on markets, their origin in human action and their effects upon later action.”<sup>xiii</sup>

As Israel M. Kirzner writes:

Economic theory has traditionally dealt with the phenomena of the market, prices, production, and monetary calculation...From the point of view of praxeology, the earlier attempts suffered from their tendency to seek for the defining criteria in the nature of the specific affairs with which market phenomena are concerned...The subject matter of economics came to be connected with the material things that are the objects of traffic in the market; it came to be linked peculiarly with the use of money in market transactions or with the specific social relationships that characterize the market system. Where writers came closest to the recognition that these criteria were only accidental characteristics of the affairs upon which economic analysis could be brought to bear, where they were able to glimpse the congenerousness of the specifically economic type of analysis with the underlying *actions* of men, they were unable to follow this clue to the conclusion to which it pointed...In

finding the economic aspect of activities in general to consist in concern with the ends-means relationship, this conception... includes within its scope kinds of actions with which economics has had traditionally little to do.<sup>xiv</sup>

Thus, praxeology is concerned with the means-ends relationship generally, and this includes kinds of action that have not traditionally been the focus of economics. If we conceive economics as a science of market phenomena, this means that other conceivable forms of action are not the subject matter of economics *as* economics. Other forms of action are the subject matter of *praxeology* as economics widens its scope and begins an analysis of other human actions besides market-related or catallactic actions.

“The intricacy of a precise definition of the scope of economics does not stem from uncertainty with regard to the orbit of the phenomena to be investigated. It is due to the fact that the attempts to elucidate the phenomena concerned must go beyond the range of the market and of market transactions.”<sup>xv</sup>

“Economics widens its horizon and turns into a general science of all and every human action, into praxeology. The question emerges of how to distinguish precisely, within the broader field of general praxeology, a narrower orbit of specifically economic problems.”<sup>xvi</sup>

The narrower economic problems are the familiar ones having to do with erecting tariffs, enacting minimum wage laws, expanding the money supply, and other human actions that revolve around or are conceivable in terms of money, money prices, and exchange ratios. Economics, as a specific branch of praxeology, instructs on how the means of resorting to a definite policy action A, necessarily entails a specific economic consequence B. And thus an individual who wants to avoid B and who was contemplating an attempt to attain A, is informed by economic science that B must occur if A occurs. If the individual wants to avoid B, the occurrence of A must be avoided, as B necessarily accompanies A.

The question is, are there human actions apart from such “economic” actions?

## Other Forms of Action

According to Mises, *thinking* is itself a form of action:

“Logic and mathematics deal with an ideal system of thought. The relations and implications of their system are coexistent and interdependent. We may say as well that they are synchronous or that they are out of time. A perfect mind could grasp them all in one thought. Man’s inability to accomplish this makes thinking itself an action, proceeding step by step from the less satisfactory state of insufficient cognition to the more satisfactory state of better insight.”<sup>xvii</sup>

We need not contrast the conception of a supposed perfect mind with a human mind in order to conceive that thinking is an action. Trying to solve a problem and trying to figure something out are goal-directed activities. Trying to overcome my fear of spiders and trying to control my emotions are goal-directed activities. These phenomena of human consciousness are all attempts to replace one state of affairs with another state of affairs. These are all instances of human action. But they are not examples of “catallactic” actions. These actions do not refer to, and are generally not conceivable in terms of, money, money prices, or exchange ratios. My attempt to solve a problem or my attempt to control my emotions are not the subject matter of economics *as* economics. These attempts, these actions, are the subject matter of *praxeology*.

## Classes of Human Actions

If we agree that thinking is a human action but not a market or *catallactic* phenomenon, then we may agree that there are different

kinds of actions that may be classified according to various criteria. We may conceive catallactic actions as those actions directed toward the market economy. By contrast, trying to solve a problem or trying to control one's emotions are actions in some way directed toward the actor's own mind. Perhaps as a starting point, we may designate such actions "psychological actions."<sup>xviii</sup> The attempt to move a physical object from one place to another is an action that is neither catallactic nor psychological in the sense just described. As a starting point, we might refer to such actions as "simple actions." Lastly, actions directed toward another person (toward another consciousness) can be referred to as "ethical actions." When we try to help or harm another person, when we attempt to lie to or to coerce another person, these are actions that are neither simple actions, nor catallactic actions, nor psychological actions. Rather, they are actions that constitute the subject realm of ethics—actions directed at the consciousness of another acting being.

Thus, we have given concrete meaning to Mises's often repeated but seldom understood insistence that praxeology is the general science of human action and that economics (catallactics) is the best elaborated part of this general science.

### **The Implication of Actions with no Science of Them**

As mentioned previously, the significance of the establishment of exact laws of human action is that by means of such laws, an individual is given a reason in terms of self-interest to abstain from an attempt to attain A. Without the need for government intervention and without the need for interpersonal threats or confrontations, an individual may abstain from attempting to attain A simply because he wants to avoid the occurrence of B, and the exact law instructs him that B must occur if A occurs. This is how praxeological knowledge influences the decisions people make resulting in social progress for all those who consider the occurrence of B as harmful to their own self-interest.

However, as economics is the only explicitly elaborated branch of praxeology,<sup>xix</sup> then explicit praxeological knowledge is only available to us in the economic (catallactic) realm of our action but not in other realms of our action such as the ethical and psychological. As there is no explicitly elaborated praxeological knowledge in the ethical realm of action—to take this realm as an example—then there is no exact, praxeological-scientific knowledge demonstrating a necessary connection between a person's ethical actions and an incontestable consequence to those actions that this same person may want to avoid. There is no praxeological-scientific knowledge available to the individual showing him how consequence B must occur if ethical act A occurs and that if he wants to avoid B he must abstain from ethical act A.

In short, there is no acknowledged praxeological science of ethical actions as there is for economic actions. And this means that when we admonish an individual about his ethical actions, claiming they will have harmful consequences for himself or for others, all our admonishments are assertions about consequences that *might* or *might not* occur if he acts as he intends. As far as science instructs, in the realm of ethical actions—the realm of direct interpersonal actions—the occurrence of a supposed consequence is logically independent of the ethical act undertaken by an individual. In the ethical realm of human action there are no established necessary relations, or what is the same thing, no established exact laws.

The lack of theoretical knowledge with respect to human ethical actions enables individuals to continue acting in ways they may not, were they to know about a necessary consequence to their ethical actions as they know from economic science that there are necessary consequences to their economic actions. To the extent that people initiate ethical actions without knowing the necessary consequences—consequences which they may consider harmful to themselves—they also act in ways their fellow citizens may consider harmful to *themselves*. But as science does not provide a reason for an individual to abstain from ethical actions of various kinds, then how are such actions to be prevented or deterred when those actions

are considered harmful by others? The short answer is: by government or interpersonal intervention. To the extent an individual does not abstain from various actions out of an understanding of his self-interest, then those of his actions deemed harmful by others must be prevented or deterred by others—by acts of intervention.

The foregoing considerations serve to explain why libertarian ethics theories of the last half century have been concerned with providing a “justification” for concrete ethical practices and legal systems and thus a “justification” for individual and collective acts of intervention. In social science a void exists in that nonmarket-related social science has not succeeded in providing people with knowledge of how their actions impact their own well-being. People continue to repeat noneconomic actions (actions outside the nexus of market transactions) that are not only harmful to themselves, but which their fellow citizens consider harmful to *themselves*. To the extent people do not abstain from these actions of their own volition, it is left to their fellow citizens to attempt to force them to abstain by interventionist means, and to provide a rationale that “justifies” these acts of intervention. Thus, libertarian ethics theory of the last half century has been concerned primarily with a systematic rationale or “justification” for *libertarian* intervention as an alternative to *socialist* or *statist* intervention—a systematic justificatory scheme that condones or condemns, from a libertarian point of view, specific government interventions, specific interpersonal acts of violence or coercion, and specific acts of moral condemnation. These “justified” or “unjustified” acts, generally forms of interpersonal strife having to do with deterrence or retaliation, are conceived to be apportioned and applied justly or unjustly, depending on the particular school of libertarianism and the particular scheme they advocate.

Thus a loose inverse relationship obtains between the inability of science to demonstrate the consequences of ethical actions on the one hand, and the need for various communities to prevent or deter such actions by acts of intervention on the other hand (such intervention acts requiring a theoretic-justificatory rationale). The absence of

praxeological knowledge in the ethical realm of action necessitates various “justification theories” for intervention acts. These acts of intervention backed by a justificatory rationale are the means to prevent ethical acts deemed harmful, when science hasn’t given the individual a reason to abstain from such acts out of self-interest. The absence of praxeological knowledge in the ethical realm of action is related to the pervasiveness and persistence of objective moral or ethical theories (justificatory rationales) in the ethical realm of action.

## **Conclusion**

Ludwig von Mises, in advocating a formal-logical science comprehending *all forms* of human action, laid the foundations of a science of ethical actions, actions that one individual directs toward another. By referring to praxeological or exact knowledge, individuals learn which of their actions are harmful to their own self-interest. As they begin to abstain from actions they once believed entailed no necessary consequences as a means to improve their own well-being, others in society experience these abstentions as a lessening of the occurrence of harmful social actions. Peaceful social coexistence results not from intervention acts justly applied, but from the advance of science as it influences people’s decisions concerning their conduct.

Libertarian society is essentially the society of nonintervention. A precondition for nonintervention is the advance of praxeological knowledge teaching people which acts to abstain from of their own volition. Laying the foundation of praxeological knowledge in both the economic and ethical realms of human action was the life work of Ludwig von Mises.



## Notes

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<sup>i</sup> “Menger the Revolutionary,” Freemarket newsletter, February, 2007.

<sup>ii</sup> Menger, *Investigations into the Method of the Social Sciences* (NYU Press, 1985, p. 59)

<sup>iii</sup> E.g., see *Human Action*, 3<sup>rd</sup> rev. ed. “Praxeology is a theoretical and systematic, not a historical science...Its statements and propositions are...like those of logic and mathematics, a priori.”(p. 32) “The a priori sciences—logic, mathematics, and praxeology—aim at a knowledge unconditionally valid for all beings endowed with the logical structure of the human mind.”(p. 57) “Like logic and mathematics, praxeological knowledge is in us; it does not come from without.”(p. 64)

<sup>iv</sup> *Human Action*, 3<sup>rd</sup> rev. ed. p. 117.

<sup>v</sup> Menger, *Investigations into the Method of the Social Sciences* (NYU Press, 1985, p. 52)

<sup>vi</sup> Mises, *The Ultimate Foundation of Economic Science* (Foundation for Economic Education, 2002, p. 20)

<sup>vii</sup> *Ibid.*, p. 16.

<sup>viii</sup> *Ibid.*, p. 65.

<sup>ix</sup> *Ibid.*, p. 18.

<sup>x</sup> *Human Action*, 3<sup>rd</sup> rev. ed. p. 24.

<sup>xi</sup> *Ibid.*, p. 64.

<sup>xii</sup> *Ibid.*, p. 57.

<sup>xiii</sup> *Ibid.*, p. 232.

<sup>xiv</sup> Kirzner, *The Economic Point of View* (Mises Institute, 2007, pp. 182-183)

<sup>xv</sup> *Human Action*, 3<sup>rd</sup> rev. ed. p. 232.

<sup>xvi</sup> *Ibid.*, p. 232.

<sup>xvii</sup> *Ibid.*, p. 99.

<sup>xviii</sup> See Knott, *The Logic of Happiness*, p. 4.

<sup>xix</sup> For the purpose of this passage we are not considering mathematics and formal logic as branches of praxeology, though it may be argued separately that both may be conceived as branches of praxeology.



