

DISCUSSION

A COMMENT ON 'THE EXTRAORDINARY CLAIM OF PRAXEOLOGY' BY PROFESSOR GUTIÉRREZ*

ABSTRACT. Ludvig von Mises and the Austrian School of Praxeological Economics *do* make a claim that can only be considered extraordinary, considering the type of methodology that now pervades our social science Establishment. And the claim is that there is economic knowledge that can be *both* known with apodictic certainty, *and* be of great usefulness in understanding the world in which we live. Prof. Gutiérrez, defending the accepted view that knowledge can *either* be known with apodictic certainty, *or* have usefulness for understanding the real world, but not both, attacks praxeological allegations to the contrary, and is in turn, criticized by the author.

Under contention are the status of the *a priori* nature of the category of human action, the basic premise of praxeology, as well as several other claims:

- (1) Human action can *only* be undertaken by individual actors
- (2) Action necessarily requires a desired end and a technological plan
- (3) Human action necessarily aims at improving the future
- (4) Human action necessarily involves a choice among competing ends
- (5) *All* means are necessarily scarce
- (6) The actor must rank his alternative ends
- (7) Choices continually change, both because of changed ends as well as means
- (8) Labor power and nature logically predate, and were used to form, capital
- (9) Technological knowledge is a factor of production

This exchange involves not so much specific disagreements between Gutiérrez and the author as it does the different world views of two competing philosophies of social science. To put it in its historical perspective, what we have here can be characterized as evolving from the debates concerning the possibility of synthetic *a priori* statements, first raised by Immanuel Kant and David Hume, but applied to the conceptual foundations of modern economics.

We must congratulate Prof. Gutiérrez for subjecting 'the extraordinary claim of praxeology' to analysis. His is a timely consideration of the views of Ludvig von Mises and his Austrian School of Economics, a school of thought which has indeed "not received commensurate criticism from either economists or philosophers", or from anyone else for that matter.¹ As for the specific criticisms of Prof. Gutiérrez, which seem to me to indicate several misunderstandings of the praxeological school, I think they can be more profitably viewed as an opening statement in an attempt to understand praxeology, rather than as he alleges, a final rebuttal of that system.

The specific criticisms can best be divided into two parts: (A) a criticism

of the *a priori* nature of the category of human action itself; (B) criticisms of eleven other praxeological statements.

A. Prof. Gutiérrez begins his critique of praxeology by posing a dilemma: "If praxeology is indeed *a priori*, it can have nothing to do with understanding reality; if it has anything to do with reality, the uniqueness of praxeology, its *a priori* nature, vanishes."² At this level of the argument, we must note that Prof. Gutiérrez's dilemma actually has nothing to do with praxeology as such! It could apply to *any a priori* system. Indeed, Prof. Gutiérrez does not even begin to discuss the specifics of *praxeological theory* until further on in his article.

Let us then consider another *a priori* system, mathematics, and ask Prof. Gutiérrez if he would be willing to apply his dilemma to that system. He could hardly be expected to assert that mathematics either is not an *a priori* system or else can be of no help to our understanding of reality. Mathematics most certainly *is* of an *a priori* nature, and it most certainly *is* of great use in our understanding of reality. If Prof. Gutiérrez seeks to show that this claim cannot be held for praxeology, he must then give arguments which do more than merely illustrate that praxeology claims to be both aprioristic and to have relevance for our understanding of the world.

Prof. Gutiérrez in several places seems to think that an *a priori* statement must be deduced or known without "any help from experience," or without "close intercourse with experience."³ This may well be true with some definitions of 'experience', but with the ordinary language understanding of the word 'experience' it is certainly not true. For instance, consider 'all red objects are colored objects', a paradigm *a priori* statement. The truth of this statement most certainly *cannot* be known without any help from experience. Before we can know this statement to be true, we must know the meanings of each of the words in the sentence as well as how to use them together. And this can only be learned from experience. Once the language is known, of course, the truth of the *a priori* statement is known, apart from any facts of the world. It is only in this latter sense that praxeology is claimed to be of an *a priori* nature.

Prof. Gutiérrez quite correctly takes as his main axiom for the praxeological system (1'): Human action is defined simply as purposeful behavior.

But instead of trying to see if (1') is consistent with the other axioms, he substitutes (1) for (1') and then claims that the other axioms are not consistent with (1). They are not, of course. This is because (1) is an inaccurate transformation of the correct (1').

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

Since this question is the heart of the whole disagreement in Section (A), it will be well to consider the steps by which Prof. Gutiérrez leads himself to transform the correct (1') into the incorrect (1). In attempting to "establish in a precise way what the informative content of the axiom is", Prof. Gutiérrez quotes praxeologist Israel M. Kirzner as holding that "praxeological rationality consists in the 'consistent' pursuit of one's own purposes."⁴ All well and good so far. But then Prof. Gutiérrez inexplicably interprets '*consistent*' as 'persistent'.

The use of the word '*consistent*' introduces a complication in terminology since clearly it is not simply logical consistency that is meant. One should like to say that it is rather the *persistence* of a purpose as such, as a purpose that is intended.⁵ (Italics added)

Prof. Gutiérrez unfortunately neglects to give his reasons why one should prefer persistence to consistency in interpreting purposeful human action. The truth of the matter, however, as Prof. Gutiérrez quotes Prof. Kirzner as saying, is that "[even] a man who is swayed from the pursuit of his own best interests by a fleeting temptation is yet acting 'rationally' in the praxeological sense....⁶ In the praxeological view, the man has simply substituted a new set of ends."⁷

It is important at this point to consider in some detail the praxeological view of the rationality of human action, for as Prof. Kirzner⁸ notes (perhaps in anticipation of Prof. Gutiérrez's remarks):

(It) has been attacked from two directions. On the one hand, it has been branded as palpably false and contrary to the facts of experience.⁹ On the other hand, it has been interpreted as a vicious misuse of language, in which the word 'rational' has been emptied of all meaning, so that its use to describe action, while not false, conveys no information whatsoever.... To say that a man acts rationally, it is complained, tells us nothing more about what it is that he does than he does it.¹⁰

The praxeologist however, goes to great lengths to seek and understand the core of rationality in *all* actions, even those seemingly irrational because they involve non-persistence of the original intention:

The man who has cast aside a budget plan of long standing in order to indulge in the fleeting pleasure of wine still acts under a constraint to adapt the means to the new program. Should a fit of anger impel him to forego this program as well and to hurl the glass of wine at the bartender's head, there will nonetheless be operative *some* constraint – let us say the control required to ensure an accurate aim – which prevents his action from being altogether rudderless. It is here that praxeology has grasped the possibility of a new scientific range of explanation of social phenomena. Precisely because man's actions are not haphazard, but are expressions of a necessity for bringing means into harmony with ends, there is room for explanation of the content of particular actions in terms of the relevant array of ends.¹¹

And how is the praxeological paradox which holds that human action is both rational by definition and non-tautological resolved?

[The praxeological] description of all human action as rational constitutes a proposition that is, in fact, incapable of being falsified by any experience, yet does, nevertheless, convey highly valuable information. Action is necessarily rational because as we have seen the notion of purpose carries with it invariably the implication of requiring the selection of the most reasonable means for its successful fulfillment. Such a proposition cannot be proved empirically false because, as we have seen, programs *can* be changed, so that evidence that a man no longer 'follows his best interests' proves only that he has chosen a new 'program' the necessary requirements of which no longer permit him to follow – what used to be identified as – his best interests. Despite the impossibility of its empirical contradiction, this proposition yet conveys highly useful information because the insight it provides makes possible the derivation, *in regard to whatever* program is relevant in given circumstances, of highly developed chains of reasoning.¹²

I will therefore ignore all of Prof. Gutiérrez's claims that the other praxeological axioms do not follow from (1) on the ground that it is (1') and not (1) that is the true basic premise.

B. Let us now consider the other axioms criticized by Prof. Gutiérrez:

- (2) The first truth to be discovered about human action is that it can be undertaken only by individual actors.

Prof. Gutiérrez states that he "can conceivably take (2) as allowing for collectives' 'consciously moving toward a goal'."¹³ He seems to be interpreting (2) as a denial of collective action. In the praxeological view, however, (2) is rather the basis of methodological individualism in Austrian economics, an axiom that does not deny collective action, but rather asserts that "there are no such things as ends or actions by 'groups', 'collectives', or 'States' which do not take place as actions by various specific individuals." It is the individual who is the building block for all

praxeological analysis, but the *individual* most certainly can act in concert with other *individuals*.

- (3) Action requires an image of a desired end and ‘technological’ ideas or plans on how to arrive at this end.

Prof. Gutiérrez thinks that the true state of affairs is that we *prefer* but are not *required* to think of purposive behavior as implying ‘technological ideas’. He reasons that it is conceivable to allow for the use of ‘magical ideas’ in the pursuance of ends, and that therefore technology is only desirable but not necessary. Prof. Gutiérrez here misconstrues the meaning of (3), however. All (3) says is that *some* plan is necessary before an action can even be begun. (3) is in no way inconsistent with the plans being ‘magical’, or false. All that is said is that there must be *some* kind of plan. The truth or plausibility of the plan is nowhere implied; and ‘magical ideas’ are not inconsistent with the broad definition here used of ‘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.

Prof. Gutiérrez’s objection to (4) is that he “know[s] that [he] sometimes act[s] 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.”¹⁴ The point is that in (4) we have a stipulative definition of ‘action’. Action is being *defined* as that which effects the future, as that which cannot be instantaneously satisfied. If a thing can have instantaneous satisfaction, it *cannot* be subject to human action. If a goal could be attained instantaneously, so that it did not have to wait until the future for satisfaction, there would be no scarcity of the means to effect it. But economics is the science of *scarce* means. Therefore economics can have no part to play with respect to such an occurrence.

As Rothbard expressed it:

All human life must take place in *time*. Human reason cannot even conceive of an existence or of action that does not take place through time. At a time when a human being decides to act in order to attain an end, his goal, or end, can be finally and completely attained only at some point *in the future*. If the desired ends could all be attained instantaneously in the present, then man’s ends would all be attained, and there would be no reason for him to act.¹⁵

Prof. Gutiérrez himself, in his “play artistic or religious contemplation,” also conforms to this principle, I dare say. He *does* alter his own future compared to what it would have been in the absence of such contemplation when he engages in such actions. There are alternatives foregone when the act of contemplation is carried out. Suppose that the second best alternative to contemplation in Prof. Gutiérrez’s eyes was real estate speculation. Then, in engaging in spiritual contemplation, Prof. Gutiérrez *is* engaged in rendering his future more satisfactory, for he is implicitly valuing a future existence based on present religious contemplation (at least in this case) more highly than a future existence based on present real estate speculation.

(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.

In criticizing this postulate, Prof. Gutiérrez poses a dilemma: “Ends may be either compatible or incompatible,” he states. “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).”¹⁶

It seems correct to say that if ends are compatible (in the sense that attaining any one in no way hinders one from attaining any other, i.e., that one does not have to forego any one end in order to attain another) then they are really only one (bigger) end. Although it might be difficult to point to an example of an end with no opportunity costs. But it would seem that the other horn of the dilemma must be rejected. We cannot deduce from the fact that a person has a multiplicity of ends or desires which conflict with each other (in the sense that if one is to be obtained, the attainment of the others must, to some degree at least, be deferred) that the person does not really know what he wants. On the contrary, this is the position that all of us, without exception, find ourselves in. A person in such a position has virtually unlimited wants and is forced to choose among them. As Rothbard expresses it:

Jones is engaged in watching a baseball game on television. He is faced with the choice of spending the next hour in: (a) continuing to watch the baseball game, (b) playing bridge, or (c) going for a drive. He would like to do all three of these things, but his

means (time, in this case) is insufficient. As a result, he must *choose*; one end can be satisfied, but the others must go unfulfilled.¹⁷

(6) All means are scarce.

Prof. Gutiérrez objects to this axiom on the grounds that “recent technological, medical, and social developments make [it] less improbable that a state of practical non-scarcity could be some day attained.” He thinks that while axiom (6) might well be true, at least for now, it is not *axiomatically* true, since future conditions might render it false.

This objection can be answered in several ways. First of all, Prof. Gutiérrez overlooks the definitional aspect of the axiom. All means are scarce, for, among other reasons, if a thing is not scarce, it *cannot* be a means, by *definition*. Prof. Rothbard makes this point as follows:

If the means are in unlimited abundance, then they need not serve as the object of attention of any human action. For example, air in most situations is in unlimited abundance. It is therefore not a means and is not employed as a means to the fulfillment of ends. It need not be allocated to the satisfaction of the more important ends, since it is sufficiently abundant for all human requirements. Air, then, though indispensable, is not a means, but a general condition of human action and human welfare.¹⁸

Secondly, the scarcity of means is buttressed by the doctrine of opportunity or alternative costs with respect to time. There will always be other things that one could do with one’s time other than what one actually does with one’s time. Even if our technology develops to the point where we all have an infinite lifetime, each second of our unlimited life will be scarce in the sense that once it is gone, it is gone forever, and gone with it are all the things that could have been done with it.

Thirdly, if this opportunity-cost argument is somehow assumed away, and if it is also supposed that people will change to such a degree that they will be fully satisfied with the increased benefits that advanced technology will bring them, then there will be no need for economics at all. If there were no scarcity, there would be economic nirvana, and no need for human action, and consequently no need for economics, the study of human action.

(7) The actor may be interpreted as ranking his alternative ends.

Prof. Gutiérrez criticizes (7) by posing a dilemma of ranking. According to the dilemma of ranking, “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.”¹⁹ Now this last statement must surely give us pause for thought. Because unless I am grievously mistaken, Prof. Gutiérrez has seemingly *assumed away* that which he had set himself the task of *disproving*. I had thought that Prof. Gutiérrez had set himself the task of disproving the *a priori* nature of praxeology; and yet in this last quoted sentence he merely states or assumes that “purely tautological operations seem not to be the business of economics.” But whatever else does Prof. Gutiérrez expect an *a priori* deductive system to be composed of, if not of pure tautologies and tautological operations?

- (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.

Prof. Gutiérrez notices that “(8) is in direct contradiction to (1)”.²⁰ (One would have thought that this blatant contradiction between (8) and (1) would have given Prof. Gutiérrez an indication that his translation of (1') into (1) was not quite correct.) If he had realized this point, perhaps his criticism of praxeology would have been more to the point. As it is, his discussion of (9) and (10) is limited to reiterating the view that if one wants to reflect economic reality, one cannot rely on a nonempirical system such as praxeology.

- (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.

This seems straightforward enough. Rothbard’s own explanation is brief and concise:

[T]he factors of production may all be divided into two classes: those that are themselves produced, and those that are found already available in nature – in man’s environment. The latter may be used as indirect means without having been previously produced; the former must first be produced with the aid of factors.... The former are the produced factors of production (or capital); the latter are the original factors of production.²¹

Nevertheless, Prof. Gutiérrez takes exception to this axiom on the grounds that “according to (11) one cannot talk about capital before the humanization of man takes place. Nevertheless, some economists might think it profitable so to talk. They might think of man himself as being ‘capital’.”²²

The only time man himself can be considered capital is when he is enslaved. As a slave, man is as much a piece of capital equipment as a domesticated barnyard animal. The price, quantity, rate of return etc. on human slaves will be determined on the ‘market’ in much the same way as for barnyard animals. But (11) will still be true in this case! It will still be true that if we trace each stage of domestication of the human slaves (or human capital) far enough back to original sources, only other non-capital human beings (the enslavers and the soon to be enslaved) and nature will exist.

The only complication to this analysis that can arise would be the case where the present slaves were once enslavers, who had been subsequently overthrown and enslaved themselves. Even in this case, however, (11) will still be true, for if we trace the domestication back far enough, we will still find nature plus the free humans (the non-capital humans) who are the ancestors of today’s slaves.

Prof. Gutiérrez concludes his critique of the praxeological system by considering axiom (12).

- (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.

His objection to this is that “we cannot call knowledge capital (according to praxeology) not even a factor of production, not even a good, not even a means, since it is unlimited.”²³ I am not at all clear as to exactly why this should prove so vexing to Prof. Gutiérrez, although he seems to think that “some radical limitations in the nature of praxeological thinking are being uncovered in this connection.”²⁴

Be that as it may, though, the crux of the problem here seems to be Prof. Gutiérrez’s failure to distinguish between the technological knowledge *itself*, and *learning* the technological knowledge. It is true we cannot call the knowledge itself a means or a factor of production. This is

because *once it is learned*, it is no longer scarce; it is not subject to depletion through use as factors of production are. It has no alternative costs as do factors of production: Its use in industry A in no way detracts from or lessens its use in industry B. But the time, effort, and other scarce resources that have to be expended in learning (or re-learning) the technological knowledge are another matter entirely. These are scarce.

These are not general conditions of human welfare. They are means, or factors of production in that they have alternative uses.

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NOTES

* The author has benefitted from comments and criticism of Walter Grinder of Rutgers University, Israel Kirzner of New York University and Murray Rothbard of Brooklyn Polytechnic Institute.

¹ It would be a mistake however, to conclude (as Prof. Gutiérrez seems to have concluded) that the present criticisms of the Praxeological School occur in a complete vacuum. There have been several other criticisms of the Praxeological School which to some extent at least have anticipated the criticisms of Prof. Gutiérrez. Examples will be furnished below.

² 'The Extraordinary Claim of Praxeology', by Prof. Claudio Gutiérrez, p. 328, my paraphrase. This article appeared in *Theory and Decision* 1 (1971) 327. The 12 axioms cited below (without footnotes) appear in that article.

³ *Ibid.*, p. 327, 28.

⁴ *Ibid.*, p. 329.

⁵ *Ibid.*, p. 329.

⁶ *Ibid.*, p. 329.

⁷ *Ibid.*, p. 329.

⁸ Prof. Israel M. Kirzner, *The Economic Point of View*, Van Nostrand 1960, p. 167.

⁹ See Joan Robinson, *Economics Is a Serious Subject*, Cambridge 1932, p. 10.

¹⁰ *Significance and Basic Postulates of Economic Theory*, by T. W. Hutchinson, p. 115. Prof. Hutchinson expressed this critique as follows:

"Since the revolution in the Theory of Value of 1871 economists have been trying to formulate a fundamental 'maximum principle' of economic conduct applicable to consumers, to take the place of the Ricardian business man guided only by the desire for money profits. To render this principle not obviously false they have had steadily to widen it, and thus to diminish its empirical content. First it had to be agreed that it was not necessarily 'rational' for the consumer to seek to maximise merely his *material* wealth – 'spiritual' wealth must also be included. Then in order to elude the charge of hedonism the conduct of altruists and masochists had to be admitted as 'rational'. The economic principle thus became less and less falsifiable. Fewer and fewer, if any, types of economic conduct remained which were not subsumed under it, and almost

none were excluded or could falsify it. Its empirical content, therefore, simultaneously grew smaller and smaller.”

¹¹ Kirzner, *op. cit.*, pp. 171, 72.

¹² *Ibid.*, p. 172.

¹³ Gutiérrez, *op. cit.*, p. 330.

¹⁴ Gutiérrez, *op. cit.*, p. 331.

¹⁵ Rothbard, *op. cit.*, p. 3.

¹⁶ Gutiérrez, *op. cit.*, p. 332.

¹⁷ Rothbard, *op. cit.*, p. 4.

¹⁸ *Ibid.*, p. 4.

¹⁹ Gutiérrez, *op. cit.*, p. 333.

²⁰ *Ibid.*, p. 334.

²¹ Rothbard, *op. cit.*, pp. 6, 7.

²² Gutiérrez, *op. cit.*, p. 335.

²³ *Ibid.*, p. 335.

²⁴ *Ibid.*, p. 335.