

Human Action, the State Edition: Can Praxeology Ground Political Science?

George Bragues
University of Guelph-Humber
Email: george.bragues@guelphhumber.ca

Nothing places the Austrian school of economics more diametrically at odds with the more orthodox streams in the discipline than its rejection of positivist-empiricism. Other economists might find the Austrian emphasis on entrepreneurship somewhat intriguing, its denial of the equilibrium norm in markets rather strange, and its theory of the business cycle totally misguided. But the idea that economic theories are not to be tested against the evidence, that such theories are only as valid as the internal logic that supports them – that is something which has been known to elicit censure. Thus, Mark Blaug (1992, 81) alludes to Ludwig von Mises, a leading light of the Austrian school, as the carrier of an “an anti-empirical undertone in the history of continental economics that is wholly alien to the spirit of science”. Lately, this critique has even found its way outside the environs of academic economics, where epistemological debates about the subject are usually restricted, and into the precincts of business journalism. Search the recent archives of *Bloomberg View* and one will find Austrian economics described like this: “It’s philosophy dressed up as economics; with the Austrians, there is never any risk that real-world events will interfere with your ideology” (Barro 2012).

This will not be the place for a full justification of Austrian economics against the charge

that it is indifferent to evidence. Suffice to say that Ludwig von Mises steadfastly maintains that economic theories are meant to explain the realities we experience. As Mises (1963, 65) said: “the end of science is to know reality. It is not mental gymnastics or a logical pastime. Therefore praxeology restricts its inquiries to the study of acting under those conditions and presuppositions which are given in reality”. Praxeology is the term that Mises uses to describe the application of the deductive method of logic to the comprehension of human affairs. Though Mises acknowledges that the conclusions of praxeology can never be refuted by empirical facts, he does insist that they must apply to those facts. For Mises, a good theory is not so much one that has so far withstood testing against the evidence as it is one that accounts for all the relevant factors in the evidence.

Rather than erecting another philosophic defense of praxeology, I propose to lend further corroboration to that method by outlining how it might be successfully applied outside of economics. After all, the greater the range of human phenomena that praxeology can explain, the more powerful its claim to representing the methodological key to all the human sciences. That is a claim, it must be stressed, which Mises (1963, 39-40) makes: “There is no action in which the praxeological categories do not appear fully and perfectly”. As not every human action comes within the boundaries of economics – he restricts that to the realm of interpersonal exchanges – it follows that economics is but a part of praxeology, “although hitherto the most developed part” (Mises 1963, 39-40). So what other region of human activity might serve as a promising field for praxeology? Politics immediately comes to mind as the next suitable candidate. Against the voluntary exchanges of the market, politics stands as the alternative mechanism to which people can appeal in order to allocate resources and manage social co-operation. Recently, the *Quarterly Journal of Austrian Economics* featured an attempt to give a praxeological overview of politics (Apăvăloaei 2015).

The possibility that praxeology can ground a science of politics cannot be discounted. Indeed, there is good reason to be confident of its one day being amply formulated. My aim here is much less ambitious. After briefly explaining what praxeology is and why it is worth our attention, I lay out here some of the building blocks necessary for a deductive exposition of politics.

Deduction from Action

Anyone seeking the way to knowledge about a subject really only has three options. The first is self-evidence. In this case, one knows X is Y simply upon being presented by X and Y. That the whole is greater than its parts is grasped by merely reflecting on the relationship between a whole and a part. One need not appeal to anything beyond the statement to grasp its truth. The second way to knowledge is by deduction. Here one knows X is Y by inferring it from initially established premises. For example, one can derive that the area of a triangle is equal to half its base multiplied by its height from initial axioms that define a triangle as an enclosed figure made up of three straight lines. The conclusion here is already contained in the initial premises. In thus extracting what the premises imply, deduction renders explicit what before

was merely implicit. The third way to knowledge is induction. Here, one knows X is Y by experiencing previous instances in which X and Y occur together. Thus, a person knows that the sun is an object that sets in the West at the end of the day because they have repeatedly seen it go down in that direction just before the sky turns dark.

Unlike economics – which had a long tradition of employing deduction prior to World War II -- political scientists have largely relied upon inductive methods of one kind or another. Since the 1950's, this has taken the form of imitating the positivist-empiricism that has worked so well in the natural sciences. Political scientists formulate hypotheses, apply quantitative methods to data sets, and run controlled experiments. However, the more historical approach to induction that prevailed prior to the 1950's never entirely faded from political science. Using the historical approach, one searches for knowledge about a subject by pouring into all the pertinent thickets of the past and crafting a narrative describing the chief elements of the subject, while laying out various causes and effects. It is not unusual with this type of induction for insights and lessons to be drawn not just about what happened in the past, but also its implications for the present and future. Samuel Huntington's (1996) *The Clash of Civilizations* is an example of this genre, as is Francis Fukuyama's (2012) *The Origins of Political Order*.

Still, whether in this historical form, or in its more quantitative and experimental variant, induction runs into the problems to which Mises drew our attention. Contrary to the situation in nature, no constant relationships exist between events in the human universe. Suppose you have discovered that a 1% increase in the Fed funds rate has previously been followed by a decline in the S&P 500 index over the ensuing twelve months. That does not mean you now know that the former causes the latter. A 1% increase in the Fed funds rate tomorrow could just as well lead to a higher level in the S&P 500 over the next year -- as anyone can attest who is familiar with the perils of stock market forecasting based on historical patterns. Beyond this, induction's other major shortcoming involves the matter of causal density. By this is meant the fact that there is always a multitude of shifting factors operating from one situation to the next. Every time, for instance, that the Fed funds rate went up by 1%, there were many other events taking place before the S&P 500 subsequently rose. By mere dint of analysis, it would be exceedingly difficult to sort out which, among all the factors, is the cause of the effect. In the natural sciences, this difficulty is overcome through controlled experiments in which all other potential factors are held constant. But truly controlled experiments are very hard to come by, if not impossible, among human beings.

Without experience available as a lodestar, it would be tempting to conclude that the quest for knowledge about human affairs is nothing more than a snipe hunt. If we cannot learn anything solid about ourselves from what we sense and observe, what else is there to do but believe in nothing except what is comforting and convenient to get by in our surroundings? Mises showed a way out of this skeptical and relativist abyss by pointing us towards the possibilities of deductive analysis. The starting point here is something to which we have sure access: ourselves. Reflecting upon ourselves, what we cannot help notice is that we act – that is, we continually endeavor to bring about a better state of affairs than that in which we currently

find ourselves. As such, we are beings that strive to achieve ends by selecting means that we figure will work best. None of this can be denied without self-contradiction. Any attempt to refute that one acts is itself an action. The axiom of human action thereby established, Mises went on to deduce the principles of economics, including the laws of supply, demand, and marginal utility.

Building Blocks

If we are to similarly deduce the principles of politics, the first task must consist in demarcating the boundaries of human action that contain the subject-matter. Economics, as has been pointed out, is confined to actions involving voluntary exchanges. Which sort of actions does politics encompass? Part of that domain must obviously consist of the government. Integrating this, however, into a praxeological framework raises an immediate problem. Government is an abstraction rather than a specific person, so it cannot properly be said to act. But if government does not have this capability, it cannot be comprehended within the human action axiom from which all praxeological analysis is supposed to proceed. To sidestep this dilemma, we have to avoid the reification of government so endemic to political thinking. We shall have to break that institution down into its individual components. Accordingly, government may be conceived as consisting of that select group of individuals holding the sole authority within a certain territory to exercise coercive means of action. This does not mean that politics can simply be reduced to what people in government do. For it is common to hear the activity of those outside of government described as political. Consider, for example, the case of a special interest group striving to block legislation or that of a businessperson running for office. Taking this broader context into consideration, politics can be defined as the sub-set of human action which has the individuals constituting government either as its subject or referent. Politics refers both to acts that individuals perform in their role as public officials in addition to acts performed by others pertaining to what those individuals do.

All this still leaves government as the central figure on the political scene. With the praxeological approach, the government must be treated as both the radiating and gravitational force to which one will chiefly posit causes and effects. Yet these will ultimately originate from those individuals that happen to make up the government. What the government does will depend on who is at the helm. It is their means-ends calculus that must be clarified. Now specifying the identity of the rulers could easily get us enmeshed in their psychological peculiarities. Such facts would not readily serve as premises from which to deduce universal conclusions about politics. At best, we would be able to say something along the lines that a government will be a tyrannical kleptocracy if the person who runs it is paranoid and greedy. Political science would then become a form of applied psychology. To minimize upon psychological contingencies, we can look to Aristotle's (1992, 1278b6-1279b10) famous typology of regimes and distinguish the identity of the rulers simply by their number. On this basis, the ancient Greek philosopher specified three kinds of regimes: rule by one, a few, and many. Aristotle then divided each of these possibilities into two different categories depending on whether the ruling element pursued the common good or their own interests. Hence, he referred to one person rule as either a monarchy or a tyranny. In

order, however, to maintain the value-neutrality demanded by science, it will be best to simply go with Aristotle's initial three-fold classification. As such, rule by one person can be designated an autocracy, rule by a few an aristocracy, and rule by the many a democracy.

Interestingly enough, this approach dovetails with that taken in one of the few attempts thus far to systematically apply praxeology to politics. In his book, *Democracy: The God that Failed*, Herman von Hoppe (2001) founds his entire argument on a distinction he draws between alternative regimes based on control rights. In doing so, he defines a monarchy as a state which is privately owned, and hence ruled, by one person. Hoppe then defines a democracy as a state which is publicly held and consequently run by a temporary steward acting for the ultimate rulers, the many. Where Hoppe adds to Aristotle is the idea of a natural order, where no state exists to manage social co-operation. The notion of anarchy – to wit, nobody ruling -- would definitely be useful to retain in the praxeological toolkit. It would allow us to gauge which human ends politics uniquely fulfills. Not only that, thinking what life would be like without politics would help us understand to what extent politics is actually necessary.

From the regime postulated to be in place, one can then endeavor to deductively reason one's way to an array of propositions. Even without specifying any content to the ruler's ends, one can generate a number of important theses that can be employed to interpret the applicable political evidence. At the most elementary level, one can deduce that the government's policies will reflect the goals of one person in an autocracy, of a few people in an aristocracy, and of many persons in a democracy. Knowing what the prevailing regime is will signal us in the right as to whose interests and values are being advanced. Even if one assumes perfect altruism among the rulers, and only presupposes imperfect knowledge about how to meet other people's ends, one can draw a much less elementary conclusion: no regime can satisfy everyone's ends. All political modes of governance, in other words, necessarily involve the favoring of one part of the community over another. Politics is exploitation.

One way this must necessarily play out is in the struggle between tax consumers and tax payers. For as soon as government enters the world, the necessity arises of its operations having to be funded. Inasmuch as a government does not create wealth, it must obtain resources from individuals -- namely, taxpayers. This money does not disappear into thin air. It goes on to compensate those who provide the government with materials and services, as well as those who receive benefits from the government -- namely, tax consumers. Because the two sides are caught up in a zero sum game, the tax consumer versus taxpayer division will inevitably be a source of political discord. And for each of the political regimes, one can infer distinct outcomes of how the tax consumer versus tax payer conflict will evolve.

A further implication of such tensions is that there is no equilibrium that is ever reached in politics. No point exists at which all the players are satisfied with the existing balancing of interests. This balancing is always a tenuous balance. Deducible from this is the omnipresence of political entrepreneurship. Politics thus comes into view as an arena that must, as a matter of logical necessity, be filled with people driven by the sense of there currently being an unexploited

opportunity to have the state provide a certain good. Were one to draw more extreme scenarios of disequilibrium, one might well be able to deduce that this entrepreneurship will express itself in the attempt to overthrow the present regime. At the very least, one can expect all political entrepreneurs to flourish among those lacking influence upon the ruling segment-- if not also just those more privileged who figure that their ends can be more effectively achieved through the state.

Conclusion

All these claims are just initial praxeological forays into political territory subject to much further consideration and elaboration. As one proceeds, the requirement will make itself felt to add auxiliary assumptions related to the psychological motives of political actors, the economic and sociological setting of government, not to mention the state of affairs in the world beyond the community's borders. Yet what must be underlined here at the start is the value of embarking from a conception of the regime. Praxeology needs human actors to analyze. In politics, those are to be located among the ultimate decision makers in government.

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