

Hans-Hermanne Hoppe's Austrian Philosophy

Steven Yates, *Center for Economic Personalism, The Acton Institute, Grand Rapids, MI 49503*

Hans-Hermann Hoppe, **Economic Science and the Austrian Method**. Auburn, AL: Ludwig Von Mises Institute, 1995, pp.85 + index.

Hans-Hermann Hoppe has long been engaged in an effort to extend Austrian economics by developing its philosophical assumptions and consequences, some already present in Ludwig Von Mises' occasional excursions into epistemology. The results not only separate the Austrians from other free market schools but open new lines of philosophical inquiry quite independent of their application to economics.

What distinguishes the Austrian school is its *method*, which attempts to deduce an entire system of thought from a few logically incontestable propositions: incontestable because their denials are either self-contradictory or meaningless.¹ Logically incontestable propositions refer to necessary truths or axiomatic facts, completely general features of reality (or a particular class of items in reality). The logically incontestable proposition Mises isolated is: *man acts*. Since the denial that man acts would constitute an action, any such denial is self-contradictory and thus self-invalidating, confirming that *man acts* is a necessary truth. Accordingly, *praxeology* - the term Mises used for the logic of human action - is a fundamental discipline. According to the Austrian economist, propositions such as "Whenever two people, *A* and *B*, engage in voluntary exchange they must both expect to profit from it" (p.14) are equally incontestable, since they follow as immediate deductive consequences of *man acts*; it makes no sense for one who understands them to deny them, or to submit them repeatedly to empirical test.

The epistemology this implies has been dismissed as dogmatic and simplistic. Mises, as Hoppe notes (p.9), encountered such dismissals. Yet whether the method is sound - whether alternatives are really as good as they are made out to be - is a viable question that can only be answered by developing Austrian reasoning. Accordingly, Hoppe observes that Mises spends the first hundred pages of *Human Action* on logical and epistemological issues. As Hoppe sees matters, praxeology stands as the foundation not just of economics but also epistemology, permitting an integration of the two into a single system. Though Hoppe only uses the term once (and with a rather pejorative connotation), a substantial metaphysics is in the works here as well - a brand of essentialist realism: being an *actor* is, after all, essential to being *human*, and this is not a mere linguistic, conceptual, or social convention but necessary to our being the kind of entities we are.

So Hoppe is, in the end, an Aristotelian. He observes that Aristotle's principle of identity and noncontradiction stand as the cornerstones of logic and therefore of praxeology. At this point, following Mises, he veers in a new direction. Proceed to Kant. Kant was a rationalist in the sense that he believed there were synthetic truths knowable *a priori*. Mises agreed. Kant is viewed with hostility by some defenders of free markets, especially followers of Ayn Rand, because his epistemology suggests an idealist reading: reason constructs nature via forms of intuition (space and time) and categories of the under-

standing (e.g. causality). Kant, of course, lends himself to such a reading with his famous opening of the first *Critique* (quoted by Hoppe, p.20), "So far it has been assumed that our knowledge had to conform to observational reality"; instead it should be assumed "that observational reality conforms to our knowledge." In which case, *why should any of our mental categories fit reality?* is a question which has haunted epistemology ever since and one which generations of epistemological pessimists have answered by saying, in effect, *there is no reason they should*, or, following logical positivism, *the question is meaningless*.

Hoppe finds in Mises a reading of Kant which resolves the dilemmas, one missed by both orthodox Kantians and Randians. The key is in Mises' "sid[ing] with Leibniz when he answers Locke's famous dictum *nothing is in the intellect that has not previously been in the senses* with his equally famous one *except the intellect itself*" (p.59), and then reasoning that Kantian categories are not as categories of abstract intellect but of the minds of acting persons. As Hoppe explains this:

We must recognize that such necessary truths are not simply categories of our mind, but that our mind is one of acting persons. Our mental categories have to be understood as ultimately grounded in categories of action. As soon as this is recognized, all idealistic suggestions immediately disappear. Instead, an epistemology claiming the existence of true synthetic a priori propositions becomes a realistic epistemology. Since it is understood as ultimately grounded in categories of action, the gulf between the mental and the real, outside, physical world is bridged. As categories of action, they must be mental things as much as they are characteristics of reality. For it is through actions that the mind and reality make contact. (p.20)

The logically incontestable proposition *man acts* therefore constitutes the missing link between the Kantian synthetic *a priori* and realism. Consider the category of causality:

Causality, [Mises] realizes, is a category of action. To act means to interfere at some earlier point in time in order to produce some later result, and thus every actor must presuppose the existence of constantly operating causes. Causality is a prerequisite of acting, as Mises puts it. (p.21)

And:

Without such an assumption regarding the existence of causes as such, different experiences can never be related to each other as confirming or falsifying one another. They are simply unrelated, incommensurable observations. (p.36)

This, in Hoppe's view, establishes realism as logically necessary:

Recognizing knowledge as being structurally constrained by its role in the framework of action categories provides the solution... Understood as constrained by action categories, the seemingly unbridgeable gulf between the mental on the one hand and the real, outside physical world on the other is bridged... [I]t is only through actions that the mind comes into contact with reality, so to speak. Acting is a cognitively guided adjustment of a physical body in physical reality. And thus there can be no doubt that a priori knowledge, conceived of as an insight into the structural

constraints imposed on knowledge qua knowledge of actors, must indeed correspond to the nature of things. (pp.69-70)

Hoppe is therefore an unapologetic apriorist. The reality of actions has been proven *a priori*: "this axiom is not derived from observation - there are only bodily movements to be observed but no such things as actions - but stems from reflective understanding." (p.61)

A priori arguments show (1) that neither empiricism nor historicism are possible since each is mired in self-contradiction; and that the categories of explanation appropriate to the physical sciences are different from those appropriate to human action. Empiricism rejects the existence of synthetic *a priori* truths: synthetic statements are subject to the tribunal of empirical-scientific verification or falsification; analytic ones are empty tautologies. Reflection on these statements themselves shows that if *they* are analytic they are empty tautologies and hence unhelpful; if they are synthetic they offer only a psychological, sociological or conventional justification of knowledge as opposed to a logical one. The trajectory of empiricism beginning with Quine's "naturalizing" of epistemology and proceeding through the historicism of Kuhn, Feyerabend, and others to the brazen irrationalism of the "postmodernists" dramatically confirms the existence of something self-destructive in empiricism. If Hoppe's position is sound, this trajectory, the working out of the internal logic of empiricism by generations of analytic philosophers, was unavoidable, for empiricism is logically self-destructive. While one might question the self-application of empiricism's basic statements, all efforts to block the self-application argument have failed - these generally became entangled in the very difficulties they sought to eliminate.²

Historicism, on the other hand, conceives of events as subjectively understood historical products unconstrained by objective factors such as time-invariant relations in reality. This position, too, turns out to be logically self-destructive. In this case, the historicist proposition itself is only a subjectively understood historical product and, on its own terms, can offer no time-invariant truths about history or culture - having denied that there are such things. It follows that even if one could validly claim that historicism offered a true account of our epistemological condition today, contingent historical changes could render it false at some point in the future. Historicism, too, is therefore vitiated by its own internal logic.³ Apriorism, in this case, wins by default! There are synthetic truths - truths about reality - knowable *a priori*!

Categories of explanation in a discipline such as economics are therefore *necessarily* different from those in the physical sciences, for from the nature of actions one can infer the impossibility of their being governed by time-invariant causes.

In so understanding causality as a necessary presupposition of action, it is also immediately implied that its range of applicability must then be delineated *a priori* from that of the category of teleology. Indeed, both categories are strictly exclusive and complementary. Action presupposes a causally structured observational reality, but the reality of action which we can understand as requiring such structure, is not itself causally structured. Instead, it is a reality that must be categorized teleologically, as purpose-directed, meaningful behavior. (p.78)

This distinction is knowable *a priori* because any attempt to undo it to establish, e.g. the universality of physicalist monism within the constraints of causal explanation, would be an instance of an action with a distinct end and means, teleological in structure, and vitiating physicalist monism from within.

Hoppe develops this point further to show that no social science can yield exact predictive knowledge, since exact predictions require causal explanations appropriate to the physical sciences rather than teleological ones. Human beings, including explainers, learn from experience; hence their state of knowledge changes. Learning is a process whose outcome is not knowable in advance; hence one's state of knowledge at some future time *t* is not inherently predictable given one's state of knowledge in the present. The ends of one's actions being predicated on one's knowledge at a given time, these therefore cannot be predicted as if akin to phenomena studied by physical science. Thus economic forecasting is constrained not by empirical predictions but rather *a priori* knowledge of actions generally which restricts the range of the possible. This, of course, implies the *a priori* impossibility of central economic planning. Though empirical evidence does tell us that all social-engineering efforts to date have failed, empiricism permits them to continue given the empiricist approach to economics that "nothing can be known with certainty to be impossible in the realm of economic phenomena." (p.52) Applying Hoppe's apriorism to economics, we *can* know, *a priori*, that certain states of affairs, e.g. a prosperous socialism, are impossible, this knowledge being deducible from propositions following necessarily from the logically incontestable one that *man acts*. Thus efforts to bring them about should be discontinued.

There are some problem areas in Hoppe's efforts. For example, he occasionally lapses into transcendentalism (as did Mises himself occasionally); e.g. he observes (p.37) that the unpredictable aspects of human actions imply a conception of free will which could be illusory from the point of view of a superintellect such as God. But if *man acts* is a necessary truth, it isn't a necessary truth for us alone but a necessary truth for *any* mind. It follows that *temporal becoming* is mind-independent and that important aspects of the future are unwritten - for a superintellect no less than a human one; not even God can know the unknowable on pain of self-contradiction! So Hoppe's hesitation seems unwarranted, a sign that he hasn't quite purged his thought of the antimetaphysical bias infecting the epistemological theses he has inveighed against.

Many libertarian philosophers will sense a more serious lacuna - this tract, and Austrian economics generally⁴ lack an account of the *rights* of actors, or for that matter, any overt *normative* dimension, Mises having eschewed ethical pronouncements as outside the scope of praxeology. In earlier work, Hoppe took up the problem of the ethical grounding of laissez-faire capitalism and saw its moral superiority as knowable *a priori* no less than the axiom of action itself, bypassing the kinds of defenses we find in natural rights theorists. The necessity that argumentation is sound, also knowable *a priori* (cf. p.65), has immediate ethical consequences in the implication of a "right of exclusive control over [one's] own body as [one's] instrument of action and cognition."⁵ However, given the machinery Hoppe has given us, which is just the machinery Austrian economics provide generally, what follows deductively from an actor's use of argument is the subjective, personal choice of rational persuasion over coercion. Ethics, however, reaches

for something larger than this; it seeks to articulate and defend propositions applying to all rational agents. So Hoppe's apriorism is not yet ready to use the language of rights. He has not yet crossed the bridge between the subjective valuation familiar in Austrian economics and a moral view of the human condition; he hasn't yet shown us how to proceed from *subjective choices* to *rights*. Thus, he hasn't shown that praxeology in its current state of development offers a foundation for ethics as well as epistemology and economics.⁶ Until he (or someone) does, the kind of project he is attempting is invariably incomplete.

Is this a solvable problem? One possible line of inquiry might run as follows: the same reflective cognition that grounds our essential nature as actors informs us of our status as moral subjects: we immediately recognize some actions to be better or worse for us prior to detailed analyses of *better* and *worse*. Other subjects are recognized *as* subjects like ourselves in essentials but different in a wide variety of contingent matters regarding their personal ends, hopes, etc., which are known only to the subjects themselves except to the extent they communicate them to others. This alone suggests an individualist ethic of personal autonomy and noncoercion. By itself, however, it still does not deduce *rights*.

Be all this as it may, this slim volume is intentionally streamlined, making it impossible for Hoppe to have taken us down every path or pursued every lead his discussion opens. The above complaints aside, Hoppe's tract is clear, concise, and very suggestive (if a bit repetitive). Though there is no space to elaborate here, Austrian philosophy developed in the context of a moral view of the world suggests a larger philosophical synthesis that would not only offer an antidote to the irrationalism permeating today's academic environment but on its own terms constitute one of the great positive achievements of the near future. I recommend this monograph highly as a step toward such an achievement.

Notes

1. To my mind *logically incontestable proposition* is a philosophically superior term to *self-evident axiom* (p.18) since *self-evidence* has a psychological aura about it that is best avoided: what is self-evident to person *A* is not self-evident to person *B* and might even seem downright absurd to person *C*. Self-evidence by itself, that is, does not connote truth but only very strong belief. *Axiom*, too, has an unfortunate association with positivistic interpretations of geometry which saw axioms as arbitrary postulates on which alternative geometric systems can be built up (e.g. Euclidean vs Reimannian). Introducing *logical incontestability* suggests demonstrability that goes beyond the merely psychological. Recognizing that a logically incontestable proposition is a proposition corresponding to a completely general fact of reality (or the central class of entities in some domain of reality to be studied such as human beings in the human sciences) is inescapable; to *understand* such a proposition is *immediately to grasp its necessary truth*, and this goes beyond self-evidence. The person who insists in denying a logically incontestable proposition can justly be convicted of either intellectual confusion or mere pigheadedness.

2. See, for example, Paul Weiss's "The Theory of Types," *Mind* 37 (1928): 338-48; or see the recent account in my "Self-Referential Arguments in Philosophy," *Reason Papers* 16 (1991), esp. pp.140-43.
3. For an extraordinarily clear development of this argument see Leo Strauss, *Natural Right and History* (Chicago: University of Chicago Press, 1953), ch. 1.
4. Murray Rothbard excepted; cf. his *The Ethics of Liberty* (Atlantic Highlands NJ: Humanities Press, 1982), which supplements Austrian economics with a natural rights approach rooted in an Aristotelian view of human ends.
5. Hans-Hermanne Hoppe, *A Theory of Socialism and Capitalism: Economics, Politics, and Ethics* (Dordrecht: Kluwer Academic Publishers, 1989), p.132.
6. Cf. Danny Shapiro, Review of *A Theory of Socialism and Capitalism*, *Reason Papers* 15 (1990): 154.