

The Sciences of Human Action, Praxeology and History

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In his treatise *Human Action* (1966 – HA), Mises introduces his chapter 2 on “The Epistemological Problems of the Sciences of Human Action” by writing that there “are two main branches of the sciences of human action: praxeology and history” (HA: 30).¹ He also writes that economics is a branch of praxeology. This is a puzzle. Is not praxeology the science of human action? And is not history the study of distinctly human action under various conditions of the past? Why does Mises not say that praxeology is the science of human action and that history is a branch of praxeology? Moreover, how can an historian study the history of capitalism without first studying economics? What reason could Mises have for devising such a classification system? The purpose of this essay is to try to answer these questions.

Another puzzle is Mises’s distinction between the study of action and psychology, or thymology, and praxeology in his book *Theory and History* (1957 – TH: ch. 12). In HA, he writes:

The field of [the science of praxeology] is human action, not the psychological events which result in an action. It is precisely this which distinguishes the general theory of human action, praxeology, from psychology. The theme of psychology is the internal events that result or can result in a definite action. The theme of praxeology is action as such (HA: 11-12).

How is it possible to produce a “general theory of human action” without investigating the “internal events that result or can result in a definite action?”²

¹Mises struggled to find the best term to contrast with the natural sciences. He tells why he chose the “sciences of human action” in his book *The Ultimate Foundation of Economic Science* (1962 – UF: 9).

²In EP, he makes a similar statement that is perhaps clearer: He writes that the “subject matter of [the science of human action] and what follows from action, whereas the subject matter of psychology is the psychic events that result in action. Economics begins at the point at which psychology leaves off (EP: 3).

These are difficult questions. The reader of HA who does not answer them can easily start on a path toward a less careful reading of Mises's other writings on the grounds that precise language is not necessary to express his ideas. This would be a big mistake. Nevertheless, Mises does not provide satisfactory answers. This essay aims to do so. Part One contrasts the goal of the economist with that of the historian. Part Two presents the argument that praxeology is needed for both. Part Three briefly discusses the relationship between history and praxeology.

1. THE GOAL OF THE ECONOMIST VS. THE GOAL OF THE HISTORIAN

Mises's distinction between praxeology and history is based on an assumption that the practitioner of economics and the practitioner of history have different goals.³ Their different goals imply different methods of study of their phenomena. The economist's goal is to evaluate intervention arguments. The historian's goal is to interpret events of the past. I consider each in turn.

The Goal of Doing Economics

The economist's goal is to evaluate the particular arguments that are made by proponents or opponents of intervention. To do this, he must produce specific theorems that are customized to fit the conditions assumed in the argument. Before he can do this, however, he must build the image of pure capitalism. In building this image, he is not interested in the particular means and ends possessed by each actor. The theorems that he produces are independent of these. For example, he asks: what is the effect of credit expansion by banks if the banks lend the new money at a rate of interest below that which would otherwise prevail?⁴ His answer refers to market phenomena (prices of consumer goods and factors of production, etc.), which change as a result of errors in economic calculation. The economist assumes the existence of factors of production that can be identified by the entrepreneur role and he assumes that individuals have wants that can be satisfied by purchasing goods in markets. But the particular wants and factors are immaterial.

In separating economics from history, a reader must assume that Mises was thinking about the combined task of building an image of pure capitalism and then employing it as a basis for building theorems to evaluate intervention arguments. This is reasonable since this task, along with laying the foundations to build the image, occupied two-thirds of his treatise.

³In 1960, Mises wrote that "praxeology" means the same thing as "sociology" in his earlier work *Mises* (EP: lxviii). There he used the term "sociology" to mean "the general theoretical *science of human action*, as distinguished from the historical studies dealing with human action performed in the past" (*ibid.*). It follows that praxeology is one of two branches of the science of human action. The other is history. In turn, praxeology has one branch that is most systematically developed – economics (*ibid.*: 72; UF: 41). Mises refers to a possible other branch in UF. He writes of a Polish philosopher who is attempting to develop a "praxeological theory of conflict and war as opposed to the theory of cooperation or economics" (UF: 42).

⁴Credit expansion is defined in Part Three of Chapter Four.

The Goal of Doing History

The goal of the historian is different. The historian aims to explain historical events. To achieve this goal, Mises writes, she employs the “specific understanding of the historical sciences of human action” (HA: 107; TH: 264). The specific understanding refers to the study of the mental processes of identifying the “human emotions, motivations, ideas, judgments of value and volitions” that individuals use in the “conduct of daily affairs” (TH: 264):

Its function is twofold: it establishes, on the one hand, the fact that, motivated by definite value judgments, people have engaged in definite actions and applied definite means to attain the ends they seek. It tries, on the other hand, to evaluate the effects and the intensity of the effects of an action, its bearing upon the further course of events (*ibid.*: 264-5).

The historian forms hypotheses about the *meaning* of the historical event to each actor who she assumes helps to cause or is effected by the event. Such hypotheses refer to how the event fits into the *particular* ends and perceived means of each relevant actor. Such hypotheses are then proposed as explanations of historical events.

Pure Praxeology, Thymology and the Non-action Determinants of Behavior

Mises writes that the pure praxeologist is not concerned “[1] with the accidental and environmental features of [a particular] action and [2] with what distinguishes it from all other actions, but only with what is necessary and universal in its performance” (HA: 44). He is referring here to individuality.⁵ Praxeology, he writes, is the study of “human action, not the psychological events which result in an action” (HA: 11-12). “Psychological events,” in this sentence, refer to the particular ends and perceived means of achieving them that individuals regard as the human cause of their choosing one course of action over another.⁶

Thymology: the study of particular ends and perceived means.

The “psychological events” are different for different people and for the same person at different times. In writing about such events, Mises refers to “changing content.” “Praxeology [i.e., pure praxeology] is not concerned with the changing content of acting, but with its pure form and its categorial structure. The study of the accidental and environmental features of human action is the task of history” (HA: 47).

A person’s choices of particular actions depends not only on her “psychological events,” i.e., on her particular thymological characteristics. They also depend on her perceived social and physical environment. Particular mores and laws may influence an individual to act in ways that are different from how she would act under different mores and laws. Similarly, the opportunities to gain from

⁵Mises uses the phrase “historical individuality” (TH: ch. 9; 309). Also see the various references to “individuality” in HA and UF.

⁶In early editions of HA, Mises used the term “psychology” to refer to the study of psychological events. He later introduced the term “thymology” as a substitute for “psychology” in order to avoid any confusion between the study of such events and studies in the fields of the experimental and behavioral psychology (TH: 264-72). The results of thymological studies, he writes, is “knowledge of human valuations and volitions” (TH: 265).

specialization and exchange under the conditions of capitalism lead individuals to act differently from how they would act in the absence of these conditions. One must assume that when Mises writes of the accidental and environmental conditions of action, he was referring to these social and physical conditions also.⁷

The “Praxeological a Priori” in the Study of Historical Events

Some of the old historians had adopted an approach to the study of history that is similar to today’s economic positivists and proponents of scientism (empiricists). This approach was soon debunked, notes Mises, in the late 19th century by German philosophers Wilhelm Windelband and of Heinrich Rickert (Mises 1960: 40). Historians, unlike natural scientists, study distinctly human actors, not inert objects and forces. The praxeological a priori refers to the methods that are required in such studies. By definition, the study of human actors requires knowledge of the prerequisites and necessary characteristics of action. These are discovered through a process of [ratiocination](#) that employs counterfactual imaginary constructions. Such knowledge must be acquired in order to create a vocabulary to represent the phenomena that the historians study. In addition, because the historian’s subject matter is interaction, a vocabulary is needed to describe how individuals conceive each other. Thus Mises writes:

In dealing with his fellow men, the individual resorts not only to the a priori of logic, but besides to the *praxological a priori*. Himself an acting being, he knows what means to strive after ends chosen. He sees more in the agitation and the stir of his fellow men than in the changes occurring in his nonhuman environment. He can search for the ends their conduct is aiming at. There is something that distinguishes in his eyes the movements of germs in a liquid as observed in the microscope from the movements of the individuals in the crowd he may observe in the rush hour at New York’s Grand Central Terminal... This specific mental equipment is the *praxeological a priori* (*ibid.*: 48, italics added).

When a person assumes that another person is a distinctly human actor, she implicitly assumes that he possesses the prerequisites and necessary characteristics of action. Thus, the term praxeological a priori includes both the results of ratiocination and the further characteristics of the mental tool that actors employ in adjusting to an environment that contains what they assume are other actors. By ignoring the praxeological a priori, the “radical empiricist” historians and economic positivists could not appreciate the division of labor law and law of consumer sovereignty. They could never discover that “there are things that even the most powerful government cannot achieve because they are contrary to praxeological law” (*ibid.*: 49).

2. PRAXEOLGY NEEDED BOTH FOR DOING ECONOMICS AND HISTORY

To do economics, the economist must build a foundation in pure praxeology. In addition, he economist must build economic theorems in order to produce an image of pure capitalism. The purpose of the latter is to establish a vocabulary that is capable of representing the complexity of

⁷That this is so is evident from the discussion surrounding his statement that “[c]ognition and prediction are provided by the totality of knowledge. What the various single branches of science offer is always fragmentary; it must be complemented by the results of all the other branches” (HA: 647).

market interaction in terms that incorporate the [division of labor law](#) and the [law of consumer sovereignty](#).

The historian, as a student of action in history, also requires a foundation in pure praxeology and a vocabulary that represents complexity. One might say that the historian must include praxeology and economics in order to build a conception of historical events. Thus Mises writes the following:

The relation between historical experience – for every economic experience is historical in the sense that it is the experience of something past – and economic theory is therefore different from that generally assumed. Economic theory is not derived from experience. It is on the contrary the indispensable tool for the grasp of economic history. Economic history can neither prove nor disprove the teachings of economic theory. It is on the contrary economic theory which makes it possible for us to conceive the economic facts of the past...

But to orient ourselves in the world of human actions we need to do more than merely conceive the meaning of human action. Both the acting man and the purely observing historian have not only to conceive the categories of action as economic theory does; they have besides to understand (*verstehen*) the meaning of human choice (Mises 1942: 11-12).

Doing Economic History

To do economic history is to try to explain the historical events during a period of time when the economic historian assumes that there was a sphere of capitalism. She assumes that the conditions of capitalism were present in some measure. Under these conditions and during this time period, there were market phenomena. In her investigations, she assumes that the historical events that she calls market phenomena were caused by distinctly human action. They were outcomes of the actions of uncountable individuals who possess an inventive character and who differ from each other. The only way to explain such events is (1) to build economic theorems in accord with the regularity of economic phenomena as represented by the tendency toward a [final state of rest](#) and (2) to employ what Mises called the method of imaginary constructions. Accordingly, he writes:

Economic history is possible only because there is an economic theory capable of throwing light upon economic actions. If there were no economic theory, reports concerning economic facts would be nothing more than a collection of unconnected data open to any arbitrary interpretation (HA: 51).

Mises appears to contradict this idea when he also writes that the roles of economic theory differ from the ideal types used by historians to interpret the events of history. He writes that the “economic concept ‘entrepreneur’ belongs to a stratum other than the ideal type ‘entrepreneur’ as used by economic history and descriptive economics” (HA: 61). To me, these two statements are incompatible. He is either using the term “economic history” to mean different things or he is contradicting himself.

There is no doubt that many people who call themselves historians use the term entrepreneur to refer to classes of people who possess certain distinguishing characteristics that are not related to the entrepreneur function, as conceived by the individualist economists. But all this means is that they do not use the term as the economic theorist defines it. As a result, they cannot bring economic theory to bear on their interpretations of historical events. If one plans to interpret historical events with the benefit of economic theory, however, he must use the economic concept of the entrepreneur role. More broadly, he must use the “image of integrated functions,” in which distinctly human action is captured by the [entrepreneur role](#).

The economic historian cannot identify the numerous individuals who cause an historical event. The event is complex. Even if she could identify the causes, her capacity to disentangle them is limited. She cannot know the particular perceived means and ends of the actors. Although economic historians can agree on the nature of the economic theorems that might be applied and on the actual facts that occurred (the historical events), they may still disagree on the particular ends and means of the actors. Their only recourse is to appeal to each other by referring to reasonableness (HA: 58).

Mises did not emphasize the theorem-building entailed in doing economic history. He nevertheless recognized it. To see this, one must explore his discussion of “Conception and Understanding.” He writes that in trying to comprehend “the meaning and relevance of human action,” scientists of human action apply

two different epistemological procedures: conception and understanding. Conception is the mental tool of praxeology; understanding is the specific mental tool of history.

The cognition of praxeology is conceptual cognition. It refers to what is necessary in human action. It is cognition of universals and categories.

The cognition of history refers to what is unique and individual in each event or class of events. It analyzes first each object of its studies with the aid of *the mental tools provided by all other sciences*. Having achieved this preliminary work, it faces its own specific problem; the elucidation of the unique and individual features of the case by means of the understanding (HA: 51, italics added).

These words must be studied carefully. In saying that the “cognition of history refers to what is unique and individual in each event,” he is not denying that in doing history, the historian must also employ conception. On the contrary, he writes that the historian must be aided by “the mental tools provided by all other sciences.” What this means, in essence, is that she must be aided by the economic theorems. Consider the specific case of economic history, for example, of explaining the episode known as the Great Depression in the US. The economic historian asks: why did so many savers, investors, businesspeople, workers, and owners of material factors of production make errors. Ultimately, she is faced with the problem of identifying the particular ends and perceived means of the people she has in mind. Before she arrives at that point, however, she needs economic theorems that elucidate the division of labor law, the law of consumer sovereignty, and the theory of money and credit.

3. HISTORY VS. PRAXEOLGY

While Mises regarded pure praxeology as a requirement for doing history, he also stated that praxeology and history are separate branches of the science, or sciences of human action. My hypothesis here is that he wrote this because he wanted to distinguish between the study of what he called “historical problems” and the study of what he called “political problems.” Both of these require a foundation of pure praxeology. But his concern in the treatise – in his book on economics – is with the political problems. It is with the evaluation of intervention arguments by the exclusive means of theorem-building. In other words, his concern is with economic science. History is very

different. It requires the presentation of hypotheses about why particular individuals acted as they did. To do history requires the use of the method of specific understanding.⁸

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⁸In his last book, Mises identified several branches of history. These include political science, literature, linguistics, the study of art, and the study of war (UF: 96, 38). These are distinct from a praxeological theory of war mentioned earlier in this appendix in a footnote.