

# Intersubjectivity, Subjectivism, Social Sciences, and the Austrian School of Economics

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This article is an attempt to demonstrate that the subjectivism of the Austrian School of Economics could be based on Husserl's intersubjectivity theory. At the same time, this could be a realistic view of the "hermeneutic turn" already done by some of the younger members of the Austrian School. The theoretical foundations of this realistic phenomenology are based on Aquinas' thought on human action, Husserl's intersubjectivity, Schutz's analysis of the lifeworld (*lebenswelt*), and Gadamer's horizons theory. This research program has consequences for Mises's praxeology, Hayek's spontaneous order, and Kirzner's middle ground in economics. Finally, certain consequences for contemporary epistemology of economics are briefly taken into account.

## **An Approach**

The Austrian School of Economics has a strong epistemological commitment with subjectivity or subjectivism because this is the core of its economic explanations and social phenomena in general. We do not intend to say that the most relevant Austrian economists have always been consistent with the implications of such an approach or that there are no relevant individual differences between them. However, based on Menger's<sup>1</sup> subjective theory of value, from Mises's<sup>2</sup> strong methodological individualism to Hayek's<sup>3</sup> essay, "Scientism," it might be stated that the commitment with the finalistic action of the subject, as the explanatory core of the economic theory, has remained in force in this school of thought, which greatly accounts for its lack of connection (Kuhn's style) with

all the other economic schools of thought, in spite of new epistemologies that we shall be citing by the end of this work.

To our mind, it is Hayek who reaches the highest peak of this subjectivism in the essay mentioned above. First, by pondering the relevance of the question himself, “It is probably no exaggeration to say that every important advance in economic theory during the last hundred years was a further step in the consistent application of subjectivism.”<sup>4</sup> Second, by sustaining that economics does not deal with physical objects but with ideas, intentions, and subject matter, “the objects of economic activity cannot be defined in objective terms but only with reference to a human purpose goes without saying. Neither a commodity nor an economic good, nor food or money can be defined in physical terms but only in terms of views people hold about things.”<sup>5</sup> To our mind, what Hayek was doing—we do not know whether in full intellectual awareness or not—was to place the subjective theory of money as a subclass of a phenomenon involving all social phenomena, that is, the subjectivity of such phenomena, their “entitative dependency” (to express it in our own words) with the purposes of the acting subject.

Is such subjectivism part of a broader concept of social reality? The analysis of such a question, which has been pending for some time, is the core of this essay. Both Mises and Hayek, worried about maintaining a general theory before a historical relativism related to the historicism against which Menger had fought so heatedly (perhaps too heatedly)<sup>6</sup> and that paved the way to an interventionism denying the universality of economic laws,<sup>7</sup> designed their own epistemological shield against such relativism. Mises, with his general theory of human action, *a priori* of a given circumstance in place and time,<sup>8</sup> and Hayek with his theory of spontaneous order that accounts for the fact that people’s expectations, which are essential, not marginal with respect to the market process, tend to converge rather than diverge, in a spontaneous way, while free prices, private property, and the inclination to learning play their respective roles as coordinating forces of dispersed knowledge.<sup>9</sup>

However, in doing so, they unnoticeably developed nonrelativistic hermeneutics, in the sense that their epistemology of social sciences was at the same time a way of *providing a universal meaning* to social phenomena, which precisely for being subjective might be misinterpreted as *arbitrary* by other paradigms (i.e., who gives meaning to what?) or that would be worse for the Austrian School, as intrinsically dependent on each particular culture, thus going back to Schmoller’s historicism. That is how the later Austrian School developed, in my opinion, by following two dominant orthodox paradigms. Orthodox in this context means that these paradigms were tailored after the Mises-Hayek legacy (including Menger therein). One paradigm was based on Rothbard’s<sup>10</sup> extreme

apriorism (and it remains to be seen to which extent Rothbard makes an appropriate interpretation of Mises).<sup>11</sup> The other paradigm represents a more balanced (at least in our opinion) synthesis between Mises and Hayek—carried out by Kirzner<sup>12</sup>—which above all emphasizes the importance of the balancing forces of the market, understood as a process. As a result, as Kirzner himself states, we may embrace the idea of a universal economic science along with Menger's legacy of economic principles.

Besides these two dominant paradigms within this school of thought, two alternative and heterodox ones were developed, which imply a risk, *in actu* and *in potentia*, respectively, for such ideas of universal economic science. The former one, developed by radical Austrians (i.e., Shackle, Lachmann),<sup>13</sup> emphasizes both the idea of the uncertainty typical of human actions (Mises) and the dispersion of knowledge (Hayek). Thus, there is no reason to universally sustain the tendency to equilibrium in the market, which is more casual, more kaleidoscopic than what Mises and Hayek suggested. Therefore, Kirzner places them as the pillar of equilibrium never, as the opposite of equilibrium always held by the Neoclassics (placing himself, with the market considered as a process, beyond both opposing ends).<sup>14</sup>

The second one is what we might call the permanent attempt of several different authors to establish a direct relationship between continental hermeneutics and the Austrian School.<sup>15</sup> These authors have found out the *hermeneutic* characteristic in Mises and Hayek and therefore seek the fundamentals of the Austrian School in continental hermeneutics, in particular in Heidegger and Gadamer, with more moderate attempts in Ricoeur and the phenomenological tradition. This attempt does not cease to be fruitful (this is stated in the present tense on purpose). Naturally, we are not referring to the latent positivism of the non-Austrian *mainstream*, for which these debates would *make no sense* but to Austrians themselves. The presence of the historical and cultural element, in the Gadamerian sense that is, as *historical* background,<sup>16</sup> does not fit in a school of thought for which market operations, understood as a process, are considered a *universal truth*.

How do we break free from this Gordian knot? As the reader may have already noticed, we do agree that there is a hermeneutical core in Mises' and Hayek's work (an implicit core); however, we also agree with Kirzner in that he thinks it is possible to develop a universal theoretical core for the Austrian School. How are we supposed to reconcile both of the foregoing standpoints?

## Husserl's Intersubjectivity and Realistic Hermeneutics

This article will not solve the debated issue of whether the Husserl who came up with the idea of the “lifeworld” is consistent with the Husserl who wrote *Ideas I*, or whether it is a vain attempt to measure up to his disciple Heidegger.<sup>17</sup> However, it can be quite certainly established that the notion of the lifeworld developed in *Ideas II*<sup>18</sup> provides an ontology and epistemology of social sciences, which would have served Mises' and Hayek's epistemological purposes. Husserl was well aware that the lifeworld is essentially an intersubjective world, that is, involving human interactions whose intentional meaning (purpose) is precisely what gives sense and *reality* to social phenomena.<sup>19</sup>

### Why Has the Austrian School Departed from This Concept?

Indeed, there used to be an evident historical difference among Mises, Hayek, and continental phenomenology. On the one hand, such difference is deemed as a fortuitous fact as are several others in the history of philosophy and science.<sup>20</sup> On the other hand, it is not deemed fortuitous at all because Mises and Hayek were far too influenced by a neo-Kantian epistemology, each of them in their own way, to allow themselves to be influenced by Husserl who was once again dealing with “intuition of essences.”<sup>21</sup> Moreover, the Austrians, who were already totally cut off from Anglo-Saxon environments of economists due to their epistemological ideas (complete outsiders with respect to the dominant Anglo-Saxon concept),<sup>22</sup> would have been considered total strangers if in addition they have dared start to speak Husserlian language. This is particularly remarkable in Schutz (who, on purpose, has not been mentioned in this article yet). Schutz, a disciple of Mises and Husserl, might have easily made the connection. In fact, he did make it, but it is remarkable that in his works first written and published in the United States every time he addresses the typification of the meaning of body of knowledge of the lifeworld, he turns to the Weberian theory of the ideal types, and the ugly word *essence* barely appears.<sup>23</sup> In turn, this might also be useful as an explanatory hypothesis for why later attempts to relate Misesian praxeology, the Austrian School, and Husserl did not succeed.<sup>24</sup>

In addition to the foregoing, there has been a disconnection between the Husserlian lifeworld, its intersubjectivity as its typical ontological characteristic, and the later post-Heideggerian hermeneutics. Gadamer refers to Husserl's lifeworld as one of his sources, but his strong reliance on Heidegger does not

allow for a simple continuity with Husserlian intersubjectivity. As it is widely known, Husserl<sup>25</sup> is Ricoeur's main source, but his works would not be useful for the ontology of social sciences such as we need. Moreover, a noun, such as *essence*, and an adjective, such as *realistic*, mostly suggest decadent scholastics that do not allow us to look further into such concepts, and they historically refer to the schism between the phenomenological school of Gotinga and Husserl,<sup>26</sup> his teacher.

Therefore, we should try to reconstruct Husserlian intersubjectivity, in order to (1) understand it as the ontology of the social world; (2) incorporate Gadamer's horizons historicity; (3) based on 1 and 2, create realistic, nonrelativistic hermeneutics; (4) overcome the subject-object distinction; and (5) give a whole new meaning to terms such as *theory* and *essence* of social phenomena.<sup>27</sup>

**Issue 1** – Intersubjectivity understood as the ontology of the social world.

Considering Saint Thomas Aquinas's notion of human action and the human person,<sup>28</sup> Husserlian intersubjectivity might be regarded as persons who have relationships that are characterized by their purposes, as is every human action.

The human person exists in the world, in Husserl's sense of the world, that is. The person is in an almost infinite set of relationships with others—mutual relationships characterized by mutually understood purposes. In such a sense, they are the reality in which individuals live. When a teacher is teaching a lesson, we can see a set of mutually assigned roles, in a final manner, that determine the reality of the lesson. The human person is not limited to a relationship with others but is in the world. A person without a world would be impossible: A person's intelligence and willpower constitute the ground of their final derived mutual relationships, in which they spend their whole time, and their intelligence is what allows them to understand (interpret) the relationship in which they are involved. Therefore, the lifeworld and its understanding as the body of knowledge referred to by Schutz are not arbitrarily projected constructions but the reality in which the human person lives. As from the lifeworld, the human person gives meaning to physical objects: not only to works of art, and the products developed by technique that surround us on a daily basis but also to such realities that are not a consequence of human action but that are humanly understood, that is, water is for drinking, air for breathing, and *it is not true* that air and water are that, even though they are not only that. Thus, there is no natural science environment where things are known independently from the lifeworld. Physical objects are grasped from within the lifeworld, either as a result of daily experience or of scientific hypotheses. Everything that is known by human beings is humanly known; one of Husserl's main accusations in his last book about the crisis of European sciences dealt with how this concept has fallen into oblivion.<sup>29</sup>

**Issue 2** – Every lifeworld is historically located, and it is not to be understood as an impossible historiography (the so-called, nonexistent historical data) but as a set of past human experiences that is culturally transmitted and that *constitute the present time in each lifeworld* as a way of preunderstanding. The fact that individuals may lack historical awareness, as shown in their natural attitudes, that they may not consider the past as part of their present, does not mean that their preunderstanding of the world is not historically located as described above. This is Gadamer’s main contribution.

**Issue 3** – Based on the foregoing, the interpretation might be understood as the knowledge that each person may have of his or her lifeworld, of his or her being in the world. In this sense, it is not about construing something about something else, that is, an intellectual construction about a text, a human person, or an alleged historical fact. When the teacher claims to be teaching a lesson, he or she is merely expressing the world in which he or she dwells. Such expression, the lifeworld in which he or she dwells, constitutes his radical interpretation of the world, beyond which there is nothing else. This is where Wittgenstein’s spade is turned.<sup>30</sup> The truthfulness of such expression depends on the closeness to the inhabited world and the nondeceitful intention of the message, which forms part of reality. The reality of the subject in question consists in “being teaching,” to be understood as an intersubjective reality as referred to in issue 1 and as a radical reality, meaning that human beings cannot live realities other than intersubjective realities. Hermeneutics, as an understanding of the inhabited world, are realistic, because they should be considered no less than as the experience of the reality in which we live. In issue 5, we shall set forth why this hermeneutic realism is nonrelativistic, and by saying this we do not mean to imply a contradiction with issue 2.

**Issue 4** – To become aware that the primal reality for human beings (“*id quod primum cadit in intellectu ...*”) is the lifeworld (his or her lifeworld), allows us to go beyond the subject-object dialectics in which philosophy has been stagnated since the beginning of the modern era and against which Heidegger or Wittgenstein stand. The debates on the theory of knowledge are almost obsessively focused on the scope and the possibility of knowledge of the object, assuming it as a physical object, as an external world with respect to the subject and opposite to the subject. When the notions of reality and truth are incorporated to such notion of object, then skepticism arises as the subject’s vengeance. Some postmodern views appear to be that. However, as we may see, the human person does not stand opposite to a world, and the world is not primarily physical. The human person is in his or her world, the relationship is no longer subject/object but human person/world, and the world is no longer something external but actually internal, the primary

intersubjective reality in which the person is. The issue of the subject/object bridge vanishes because there is no longer any bridge to cross. The notions of knowledge, reality, and truth are no longer impacted by the differentiation between subject and object, which presupposes that objects represent a greater degree of truth when they are less influenced by the subject. To know means to interpret; reality means our lifeworld; truth means the expression of the inhabited world; *objective* means nonarbitrary,<sup>31</sup> but of course all of the foregoing does not imply a world without the subject. Only from within such an intersubjective world shall the human person know (interpret) humanly known physical objects. Therefore, the Popper-Kuhn-Lakatos-Feyerabend debate could be understood as a progressive restoration of the role of the subject in the interpretation of the physical world as from such subject's original lifeworld. As a result, the relationship between social and natural sciences changes, that is, human reality is primarily social and natural sciences do not deal with nonhuman objects but with human hypotheses originated in different lifeworlds while trying to find an explanation to such physical issues that may become problematic.

**Issue 5** – In relationship to a person's lifeworld, such a person may adopt two basic attitudes, as it has been clearly explained by Husserl and further expanded by Schutz in his implications for social sciences. One such attitude would be a natural attitude where the human person, as Schutz puts it, makes an philosophical epoche, that is, bracketing<sup>32</sup> all philosophical debates on the gnoseology and ontology of his or her world and simply lives in it. On the other hand, he or she may adopt a theoretical attitude that we shall redefine as follows: In the first place, such attitude implies a critical distance with respect to the assumptions of the horizons of preunderstanding of the original lifeworld, that is, problematizing the nonproblematic. Concomitantly, in the second place, would be a contemplative attitude about what has been asked, with an intention to receive a more universal reply. For instance: I am teaching a lesson. These are the students, here is my desk, here are the papers, and on the other side, there is the dean's office (natural attitude). But, what is meant by lesson? What is meant by educating? Should I give an answer, I would be trying to give a more profound meaning—that is, *not a more remote one*—to the same real-life situation in which I find myself. That is to say—and we shall now incorporate the ugly word—I am trying to reach a more essential core of the lifeworld. I am trying to contemplate the essence, which when I adopt a natural attitude, I happen to become aware of but I still take for granted. Again, should I give an answer, the essence would show *the nature of the intersubjective relationship in question*, in its more universal aspects, that is, *common to different lifeworlds*. Such is the phenomenology of the vital world. If by phenomenological description we mean

a “communication of cultural contents,” it should be understood as something common to the lifeworld of the Mayan and the twenty-first century Occidental cultures, regardless of any differences that there may be between them. The theoretical attitude, so understood, allows us to ascribe an analogous meaning to different vital worlds—a *nature of the intersubjective relationship existing in all those different lifeworlds, without implying it should identify with any one of them in particular*. There is something humanly common in different lifeworlds, where the perspective of each lifeworld is then historically located, and at the same time, and for that very reason, it is communicated on a human level. In turn, the essence thus described is always incomplete, and it would allow for a deeper analysis because it is always expressed based on several language games (Wittgenstein), and, when it comes to natural sciences, such assertion is affirmed as a conjecture. Thus, universal abstract definitions may be accepted as didactic generalizations, which would leave the door open to a permanent adjustment of the linguistic context that, in turn, shall incorporate the richness of each lifeworld. (To put it in Feyerabend’s words: “It shall gradually incorporate ‘the abundance of reality.’”)<sup>33</sup>

All of the above means nonrelativistic, however, not in the sense of meaning “not related to a lifeworld.” In the first place, it means nonrelativistic understood as nonarbitrary, and in the second place, as open to what is humanly common to all lifeworlds, based on which a universal theory might be elaborated, and the more profound such theory might be, the more historical contexts it would be able to explain. History is not to be regarded as in conflict with theory when such theory is elaborated based on the phenomenology of the lifeworld.

The five issues developed above were expressed differently by Husserl, but they have been elaborated on based on his own notion of the lifeworld. However, they have been reelaborated, in such a way as to begin to solve the paradoxes of the epistemology of the Austrian School.

## **Intersubjectivity and Subjectivism in the Austrian School**

### **Overall Consequences**

The overall consequences are quite simple: Subjectivism in the Austrian School is no more and no less than a subclass within intersubjectivity, understood as an ontological characteristic essential for every social phenomenon. How could the concept of value within the market not be subjective when the market itself is an intersubjective phenomenon? To ascertain that no physical object is worth



anything without the presence of the subject is no more than a notion derived from the general hermeneutic assertion that *the meaning* of physical objects is intersubjectively assigned. Because as a result of the positivist culture, the meanings of subjectivity and arbitrariness, or lack of criteria to distinguish what is actually true have been matched, then we do not conceive these terms from a realistic and nonrelativistic perspective such as it would be the case with other ethical or aesthetical values. A crime is actually a bad action, there is no moral relativism implied in it, but the adverb *actually* means “intersubjectively.” What distinguishes a crime from a throat surgery is an intersubjective relation, and such difference is understood based on the aim of the action and not on the physical nature of the event (in both cases there may be a human throat cut with a sharp element).

It is from this perspective that we can understand the subjective nature of economic phenomena. To follow one of Hayek’s examples on the object of study of economy, money should be considered as a certain kind of intersubjective relation, determined by the coinciding purposes of the acting subjects. Such purpose is Schutz’s “in order to,”<sup>34</sup> the reason why is implied in the intersubjective relation, which is, in turn, based on the intentional nature of every human action, according to Saint Thomas’s anthropology.<sup>35</sup> This also applies to the whole spectrum of economic theory: value, price, marginal profit, marginal productivity, factors of production, interest rate, salaries, exchange rates, and so forth.

In order to deal with this basic example in an orderly manner, we should apply the five reelaboration characteristics of Husserlian intersubjectivity mentioned in issue 2, above (reelaboration which would allow us to conclude on realistic and nonrelativistic hermeneutics):

1. Money is not a physical object. It is a specific intersubjective relation characterized by certain purposes of the acting subject. (“A medium of exchange is a good which people acquire *neither for* their own consumption *nor for* employment in their own production activities *but with the intention* of exchanging it at a later date against those goods which they want to use either for consumption or for production.”)<sup>36</sup>
2. Money is historically placed. Whether an indirect exchange, or a Roman denarius, or a U.S. dollar, or an ounce of gold from the nineteenth century, people, in their natural attitude, know what money is and how they should use it from the experience gained from their lifeworld and from the horizon of historical preunderstanding conveyed by such a lifeworld.

3. When someone, in any of the previously mentioned contexts, makes a monetary exchange, they are interpreting, that is, they are getting to know the lifeworld in which they live. The fact that they understand that they are making such an exchange does not imply that they are adding an intellectual operation about a fact, but that they are intellectually aware, in a natural attitude, of the intersubjective relationship that is being experienced in a natural attitude. Knowing is understanding, and understanding is interpreting.
4. Money is not an external object, it is *within* the subject's lifeworld, because it is involved in such subject's daily intersubjective relationships.
5. If we adopt a theoretical attitude with respect to money, we shall be making a phenomenological description, such as the one exemplified above. Such description may be deemed abstract, meaning it is universally applicable to each and every one of the cases of money exchange; however, it is not abstract because it could not possibly happen outside a specific lifeworld. It is the phenomenological description of the nature or the essence of the intersubjective relation at hand, but such description should not be deemed permanent or unlikely to enhance. However, such enhancement does not imply adding layers to specific cases, it implies going deeper into the core of such nature in such a way that it could be *more* universally applicable to every specific case. Thus, we can overcome the theory/history dichotomy.<sup>37</sup> The nature described by the theory may be seen in each and every one of the historical cases, but it is not limited to any of these cases.<sup>38</sup> The core of the theory should be a philosophical anthropology based on the notion of the intentional human action, however, for that same reason: The theory may admit in its core, as a research program, more historical and less universal auxiliary hypotheses as required by specific cultural circumstances. In turn, such phenomenologically described nature implies an analogous meaning, which might be bestowed to specific historical circumstances. The theory is universal *not* because it is *outside* the historical but because it describes what is *humanly common*<sup>39</sup> (hence, the importance of a universal philosophical anthropology) to the different historical preunderstanding perspectives.

Schutz's *in order to*, understood as the motive of an action, assumed herein as Aquinas's anthropological rationale of the purpose of an action, deserves two relevant clarifications:

First, the contemporary school of Saint Thomas Aquinas makes a distinction between the *finis operis* and the *finis operantis* of an action; the former meaning "the purpose of the work" (i.e., the purpose of an architect consists in designing a house), and the latter meaning the ultimate intention of the person (i.e., I am designing the house to become rich, or to do good, or to find a distraction). In a previous article<sup>40</sup> it was ascertained that the first one is an objective action, and the second one, a subjective action. Now that such dichotomy has been left aside, it should be said that the *finis operis* is the kind of purpose that identifies the nature of the intersubjective relation (i.e., money is used for ...), which therefore may be intersubjectively transmitted and shared, whereas the ultimate intention of the acting subject, may, in addition to the nature of the intersubjective relation, end up undisclosed within an intimate world, like some kind of solipsistic epoche, with natural intersubjective consequences. However, such intentions would not be identifying the nature of the intersubjective relationship at hand.

Second, the possibility of a theoretical intellectual awareness of the intersubjective relationship at hand is not only based on the fact that the acting subject, when adopting his natural attitude, interprets his knowledge on the preunderstanding of his own world in a nonproblematic manner (i.e., that is the reason why people buy and sell even if they are not economists), but it is also based on an intellectual act of empathy with the purposes of the other subject (Husserl makes his point very clearly on this matter),<sup>41</sup> which is in turn based on the well-known subject-subject connaturality in social sciences, implying the following difference with natural sciences: The possibility of a phenomenological description of the nature of intersubjective relations paradoxically ascribes more certainty to social sciences compared to natural sciences, which have to conjecture about the nature of the physical object in question as we try to regard it from outside the nonproblematic context of the daily lifeworld.

## Consequences for Mises

In the first place, we have tried elsewhere to ascertain that a broader notion of rationality, based on the intentional notion of human actions where free will is clearly present, might provide the most consistent grounds for Mises' praxeology. However, this would not be the appropriate time to insist on this issue. It would only be worth mentioning that the same grounds would have been applicable to Schutz and to his notion of rationality in social sciences.<sup>42</sup>

In the second place, there are three aspects to be analyzed in the debate on whether economy is *a priori* or *a posteriori*. The first two have already been reviewed. Based on the first one, pursuant to the contemporary philosophy of science, every theory is theory-laden. Based on the second one, economy, understood as a theory, is *a priori* of empirical phenomena, which would render *mute* in the absence of a theory something that has become evident primarily in relation to natural sciences. In this scenario, it might be appropriate to add, that this issue is not only based on the Popperian assertion that the empirical basis is interpreted based on theory alone but also on Koyré's studies<sup>43</sup>—without whom, Kuhn would not have existed as an author<sup>44</sup>—that show the major relevance of philosophy and metaphysics as a condition to understand all physical theories. It is not just mere coincidence that Koyré belonged to the Husserlian circle of Gotinga.<sup>45</sup>

The second one is that if by *a priori* we understand that economy may be developed *without* the need for *any* auxiliary hypothesis *whatsoever*, in turn implying *not* an empirical fact so much as a *conjecture* about any given human behavior that *may not* be derived from praxeology, then we have already expressed our differences with Rothbard's attempt<sup>46</sup> making it clear that it is not that kind of hypothesis that makes economy empirical, let alone when its core is based on a phenomenologically based rationality.

In addition to being the most relevant aspect to this essay, the third aspect of the issue lies on the very first time it was ascertained. The debate on whether a social theory is *a priori* or not implies a different approach to intersubjectivity as we have addressed it herein. Such neo-Kantian terminology lies within the subject-object dualism. It would be like wondering whether the moon is a male or a female. The experience of an intersubjective relationship lies within the hermeneutical circle, which eliminates the question about what comes first and what comes second. The question is not whether the object of economy is *a priori* of the empirical, as if in an intersubjective social relationship there could be an object without the subject or as if such an intersubjective relationship could have an external world with respect to its being empirical.

From the perspective of the natural attitude, the human person is in his life-world, the knowledge that he has of himself is not prior or posterior: It is a preunderstanding (Gadamer) of his body of knowledge (Schutz).

From the perspective of the theoretical attitude, when the social scientist phenomenologically characterizes a certain intersubjective relation (such as in the case of the example given with money) he is giving a more profound meaning to the meaning of essence,<sup>47</sup> which we have called *analogizing meaning*<sup>48</sup> and that is particularly applicable to intersubjective relations. Therefore,

in social sciences, theory should not be considered before or after a nonexistent empiricism: It is a more profound way to interpret the lifeworld in which we are. However, such analogizing meaning may be fully observed in each and every lifeworld, but it is not limited to any of them in particular. *In such sense*, the theory is not limited to any particular historical case, which in turn, agrees with Mises' concern about the theory being *a priori* of history; *not*, however, in the sense that a theory may be developed without being historically placed within a framework of preunderstanding.

In the third place, Mises always leaves certain positivism to natural sciences. He considers that natural sciences may deal with facts completely lacking in subjectivism. *This kind of methodological dualism, in the light of everything that has already been said*, would no longer be possible.<sup>49</sup> This is not only because of the well-known subject of *theory-ladenness* (which does not allow us to continue discussing the facts, the empirical, the data), but also because the theories on the physical world are developed *within and from* the historically placed (Gadamer) lifeworld (Husserl). From this perspective, the Misesian classification of sciences should be reconsidered. Mises holds that science should be classified into natural sciences and human action sciences, and, in turn, human action should be classified into praxeology and history with the clear intention of not allowing positivism to invade the sciences of human action and of not allowing these to come down to historical relativism. However, if we consider this from a hermeneutical intersubjectivity perspective, everything becomes simpler, and the results are the same or even better. The basic dualism consists of two attitudes: the natural attitude and the theoretical attitude. Based on such dualism, we may build the phenomenology of the vital world, which may contribute with as many theories as reality and the analogy of reality may provide. Such theories might belong to philosophy, to theology, or to positive sciences; however, the important thing is to take into account that none of them can exist outside the *human lifeworld*, *instead, they make it more profound*, and in such sense none of them deals with anything that is not *humanly known*, or expresses in a manner that is not *humanly spoken*.

## Consequences for Hayek

In the first place, we have reelaborated Hayek's subjectivism in *Scientism*, with all its realistic and hermeneutical implications. The ideas and intentions comprising the object of social sciences are no longer a maze of subjectivity, of confusion, or a cause of perplexity for his colleagues.<sup>50</sup> They are the very nature of social phenomena, comprised by intersubjective relations determined by the *finis operis* of the interaction. Therefore, this subjectivism is not only the most

important step given by economy, but it is also the most important step given by *philosophy as a whole* (also including the philosophy of natural and social sciences) in the twentieth century.

In the second place, Hayek's notion of spontaneous order should be reelaborated as spontaneous lifeworlds, as intersubjective relationships in which the purposes of one and the other tend to coincide. For the followers of the Austrian School who are unwilling to universalize this notion, we might say that there exists at least one spontaneous lifeworld, that is, market. For those of us who somehow follow the notion of the spontaneous order as a research program for all the social sciences, we might say that each and every lifeworld is spontaneous in two senses. First, in the sense that every intersubjective relationship implies that people are in themselves with dispersed knowledge (natural attitude [Husserl]; body of knowledge [Schutz]; horizon of preunderstanding [Gadamer]; tacit knowledge [Polanyi],<sup>51</sup> and so forth), then, lifeworlds may not be the result of specific planning implying systematic knowledge. However, such lifeworlds are and have historically been diverse and many of them do not converge toward certain results that a classical liberal may have in mind. In terms of values, we might say that lifeworlds have either a tendency to an evolution toward peace or to a regression toward war (intersubjective physical destruction). When the evolution is toward peace, lifeworlds spontaneously develop institutions that allow for a greater anonymity and predictable typification, in terms of intersubjective relationships, implying that these relationships gradually become spaces where *different* worlds may live together. This is where prices, the several notions of property, the rights—in the sense of the ability to claim for other people's behavior—and the limitation of power as predictable social interactions not ending in war, may arise. In turn, this is remarkably important because it means that Hayek's social philosophy is by no means related to the *rationalization* of the lifeworld criticized by the Frankfurt School.<sup>52</sup>

There is, however, an additional aspect to consider in this regard. If we are educated based on a theory of knowledge, the most important element of which is a physical object outside the subject, then there is a lack of connection between paradigms with respect to Hayek's spontaneous order because such paradigms of things as equivalent to physical things tend to conceptually lie on the classic dichotomy between the natural and the artificial. In such cases, there are human orders, such as ethics, aesthetics, and technique, but sometimes these three fields are elaborated on in a rationalistic manner: the first one to provide for objective moral rules, the second one to provide for aesthetic rules, and the third one to determine objective scientific knowledge from where technical instructions derive. An order resulting from human action but not from human design (Ferguson)<sup>53</sup>

does not fit in there at all. This is not new, and Hayekians know it too well. Instead, from the perspective of the intersubjective, spontaneous lifeworld in a natural attitude, it is *obvious* not only that such a world is not planned but also that its ethical, aesthetical, and artistic aspects are horizons of preunderstanding *in* which the person is and whose learning, as an assumption, is spontaneous. We may also obviously adopt a theoretical attitude in relationship to any such fields and, in the case of morality, an ethical theory on the moral kindness or evilness of any particular human action.

Remaining oblivious to the above will not allow us to see what the legitimate autonomy of social sciences in relation to ethics is actually about. For some of those who write textbooks on Aristotle's philosophy, everything is either about ethics, or about philosophy of nature. A middle ground would be inconceivable, and that is the reason for the typical debates that arise. The followers of the Austrian School try to explain a spontaneous order, such as prices, and thus the following objection arises: "*but* that is about human action, therefore, it may be good or evil," as if such an assertion could be considered as an objection. Intersubjective relationships imply the assumption of certain purposes and objectives of the other party involved in the relationship. If such assumption is right, the result will be one, and if it is not, it will be something different. That is the logic of the intersubjective relationship that social sciences try to explain. The fact that such purposes are human; free; and, therefore, may be good or evil is something obvious, which does not impact the former in any manner whatsoever. If John has no intention of selling for less than ten, and I do not want to buy for over five, the expectations of supply and demand do not coincide, that is, there is no price, therefore, there is no exchange. This is somehow what the spontaneous order of the market is about. Needless to say, it may be wrong or very wrong, good, or very good that John does not want to sell and/or that I do not want to buy; however, that is yet another aspect of the intersubjective relationship that does not prevent the former from happening. The intrinsic logic of the coincidence or lack of coincidence in the expectations of human relations may not be controlled by anyone in particular, cannot be planned, and has been very difficult to realize in the occidental culture. It was Mises, Hayek's mentor, who puts it very clearly, and *not fortuitously in the first page* of his treatise on economics: "The discovery of a regularity<sup>54</sup> in the sequence and interdependence<sup>55</sup> of market phenomena went beyond the limits of the traditional system of learning. It conveyed knowledge which could be regarded neither as logic, mathematics, psychology, physics, nor biology."<sup>56</sup>



In the third place, the Hayekian notions of dispersed knowledge, prices, communication, division of knowledge, and coincidence of dispersed expectations, which he extensively discussed<sup>57</sup>—that so influence Kirzner, together with Mises—and that were treated attentively in the bibliography cited in note 15, are not, based on the above, an *exception* to an objective world but *typical characteristics of the nature* of every intersubjective relationship (with the exception of prices that only occur within a free market). They were first uttered in a language still tied to typical gnoseological uses (that allowed for a neoclassical reading of Hayek,<sup>58</sup> not influenced by the Austrian School) and without too much intellectual awareness regarding the fact that they were the obvious application of the phenomenology of social sciences in relation to economy. Therefore, we should explain such notions and redefine them.

In the first place, it would be a complete misunderstanding to think of information, when we read knowledge in Hayek's work because in his spontaneous order, when he refers to knowledge, he is precisely referring to the experience of the intersubjective relationship, thence his insistence on the familiarity (i.e., world, environment) regarding dispersed knowledge. However, we should also take into account that, even in the theoretical attitude, there are no objective data, in the sense that they could be exempt of the intersubjective interpretation, because even in the case of physical objects, these are interpreted within the context of a given lifeworld. What we normally refer to as information is no more and no less than an optical illusion, to be shared in a natural attitude, or an implicit pact of *relevance*<sup>59</sup> on the *message* (always to be understood within a pragmatic context). It is remarkable that such concepts, that nowadays are so important and even almost obvious after Husserl, Gadamer, and Wittgenstein, were explained by Hayek in 1936 in a footnote, but clearly enough

that all propositions of economic theory refer to things which are defined in terms of human attitudes toward them, that is, that the “sugar” about which economic theory may occasionally speak is defined not by its “objective” qualities but by the fact that people believe that it will serve certain needs of theirs in a certain way, is the source of all sorts of difficulties and confusions, particularly in connection with the problem of “verification.”<sup>60</sup>

In this sense, the well-known communicative role of prices is obviously not “communication of data” (information) but a *case* of the permanent *interpretation* of the purposes of the behavior of the other one, which is the central core of the *reality* in intersubjective relationships. In that sense, expectations are not only the most important element in economic reality but also one of the most important aspects in *every* intersubjective relationship. Expectations are no more or no



less than what we expect of the behavior of the other one. They may be either coordinated (“I met John for coffee”) or uncoordinated (“... but he wanted to sell me his car”). They may be specific, subject to change or to the reconstitution of the very nature of the relationship with the other, and thus, the very nature of the intersubjective reality, and therefore the very nature of human reality. Those who come from the field of natural sciences and are educated in an old positivism cannot understand how it is possible that if consumers believe that the value of a given currency is going to drop, *then* it will actually drop. We have to explain to them that in that case, expectations influence reality. Thus explained, that is, using inverted commas, they may reticently admit that case, but, at the same time, the explanation and the one who receives such explanation still assumes that on the one hand there are expectations and on the other hand, reality. The question is that the lifeworld is a world where intersubjective purposes belong to its very own nature. Expectations are, in that sense, an essential part of the entire social world because what in economy is known as expected price, in the lifeworld is the expected behavior, especially when such relationship is typified as a situation of anonymity. If the railroad driver does not behave as I expect, the very nature of the social situation changes. Obviously, in such expectations we should consider *language games*<sup>61</sup> as a concomitant part of the intersubjective reality. Thus, an essential part of the problem of social life lies in the coordination of expectations of spontaneous lifeworlds, and therefore “I still believe that, by what is implicit in its reasoning, economics has come *nearer* than any other social science to an answer to that *central question of all social sciences*: How can the combination of fragments of knowledge existing in different minds bring about results that, if they were to be brought about deliberately, would require a knowledge on the part of the directing mind which no single person can possess?”<sup>62</sup> *But the thing is that this is not exclusively the case with social sciences*. Within a particular lifeworld, with more or less coordinated expectations, physical objects are known, and the positive science is a *human*, collective, historical (Kuhn), and *spontaneous*<sup>63</sup> activity.

Last, I would like to pose the following question with regard to Hayek but also as a general question: “Is this phenomenological-hermeneutical issue compatible with the more ‘Popperian’ view that Hayek might have adopted in his methodological essays written in 1955 and 1964?”<sup>64</sup>

We already attempted to provide an answer at another opportunity.<sup>65</sup> Hypotheses, in social sciences, are conjectures on spontaneous orders. Even though it is not expressed in that way, it is clearly understood from the example of the atom given by Hayek in *Scientism*.<sup>66</sup> When we make a conjecture on spontaneous order (let us use the clearest example, that is, the market, given that the scientist is in

that case developing a theory on an intersubjective lifeworld, there are two core elements: (1) the phenomenological description of the nature of intersubjective relationships that are at stake (we have exemplified with the case of money) and (2) the *learning conditions under dispersed knowledge conditions* that shall not allow a further dispersion of knowledge, thus giving way to more coordinated expectations. Under such learning conditions, we might come up with a *hypothesis* on a certain capacity to learn, that is, to become aware of other peoples' expectations. These are hypotheses in the sense that they may not necessarily be inferred from the universal nature of human actions or from a particular intersubjective relationship; there being no data or experience without theory. In turn, Hayek clearly explained in 1964<sup>67</sup> that spontaneous orders (about which we might argue whether they were a subclass of complex phenomena)<sup>68</sup> have general and not specific predictions (i.e., *pattern predictions*) as a result, which, as we may see, correspond to the predictable result of the coordination of expectations, that is, the prediction of every spontaneous order is that there will be a coordination of expectations and not further dispersion of knowledge (that is why we said, in relation to learning conditions *that they may allow knowledge not to be further dispersed, and therefore there will be a tendency toward the coordination of expectations*). In that sense, we might say that, in social sciences, (1) the nature (i.e., phenomenological nature) of human actions and intersubjective relations; (2) the auxiliary hypotheses on learning, and (3) the subsequent prediction of coordination of knowledge imply a hypothetical-deductive model applied to the same nature of spontaneous orders, the best example of which is the development of the Austrian School as a research program. In that regard, it would be vane to confront the epistemological Mises-Rothbard deductive paradigm with another hypothetical-deductive Popper-Hayek.

Expectations, once again, play an important role. When Mises responds to an objection made by Lachmann<sup>69</sup> (not more no less), he replies that in fact the highest demand of credits by entrepreneurs before the artificial drop of the interest rate is not *necessarily* predicted in every case. What is the problem? This happens with *all* expectations in intersubjective relationships. The theories of spontaneous orders predict a general *pattern prediction*, that is, a *tendency* toward coordination, but *obviously* such tendency is *not* necessary; again, obviously. We cannot ignore that there is an irony in this regard, in which the conjectural aspect of social sciences should *necessarily* be taken into account.

## Consequences for Kirzner

Based on all of the above, Kirzner's well-known *middle ground*, a general theory on the process of the market with a balancing trend, should no longer be regarded as opposed to realistic hermeneutics in favor of the intrinsic historicity of all lifeworlds. The problem is not, therefore, whether there can be a nonhermeneutical social theory: If that question refers to an epistemological awareness of intersubjective lifeworlds, then the answer is no. It is true that certain hermeneutics based on Heidegger and Gadamer (not on Ricoeur) is not easily compatible with the theoretical and universal attitude of his mentor—Husserl. Indeed, such problem of continental philosophy has affected the epistemology of the Austrian School itself. However, from our own perspective, this tension might be overcome. The problem with the trend toward coordination is not, therefore, whether we should support hermeneutics. It is a more specific issue. The problem is whether we should support coordination, because even those who claim that lifeworlds are *not* governed by spontaneous coordinating forces cannot ignore that the social world is intersubjective. As to that particular issue, we agree with Kirzner when he holds that a summary of Mises' and Hayek's, with respect to knowledge, implies an acknowledgement of the existence of coordination processes within the market. However, such judgment will never be decided under the assumption that existence makes reference to an external physical world. It is not about checking whether there are coordinating trends or not, instead, it is about looking deeper into the foundations of Saint Thomas Aquinas' philosophical anthropology (in relation to intelligence and free will) and Husserlian intersubjectivity (in relation to the theoretical awareness of the world as an intersubjective world). *It is within such scenarios* where we will actually figure out that human intelligence is not characterized by recording data but about creativeness and activity. That is the *nonmeasurable* assumption to emphasize that the legal conditions of a free and open market are the possibility for that creative intelligence to deploy its projects and enterprises. That is to say that we shall never know, *a priori*, how much learning capacity there is, but we may plausibly conjecture that the more open the market, the more deployment possibilities there shall be for millions of dispersed intelligences who are seeking to coordinate their expectations.<sup>70</sup>

Last, in several of his explanations on *alertness*, Kirzner tried to show that an opportunity is created by those who have the ability to discover it.<sup>71</sup> Both with the purpose of explaining the difference between alertness and pure luck,<sup>72</sup> as well as to provide some kind of moral continuity to the subject of discovery (finders keeper rule),<sup>73</sup> Kirzner states that an opportunity is something that is

somehow created, brought into existence by the subject who discovers by himself what used to be ignored. We can imagine the perplexity of those readers who cannot solve the dichotomy between a physical object and a mental idea. Our clarifications on the reality of the intersubjective world, which is not either of them, may help us find out what Kirzner means. When someone's intelligence finds an opportunity that is in turn ignored by a third party, the very nature of intersubjective relationships changes. When someone refocuses their situation within their lifeworld, they are not creating a physical object or projecting an idea. *Their goals* simply reelaborate the nature of the *human* relationship to the world in which they are. For instance, two centuries of strong positivism have left a significant cultural imprint. It would be impossible to foresee how long it will take us to start thinking differently.

### **Consequences for General Epistemology**

For this same reason, it is even more complex to figure out how this issue will evolve in relation to the epistemology of economy. If Austrians have found it difficult to adopt it, we can imagine how this subject will impact other paradigms. On the one hand, as we have already stated, it is fortunate that the Popper-Kuhn-Lakatos-Feyerabend debate has brought back the issue of rationality for natural sciences themselves because that allows for a better understanding of the necessary changes in the epistemology of social sciences in general, and in economy in particular. How are we supposed to assess the current situation? It is almost impossible, as it is usually the case with research programs, because they call for a retrospective assessment. If the debate on the rationale is one of the characteristics of the crisis of paradigms,<sup>74</sup> we have enough reasons to be optimistic. On the other hand, however, we must reconsider Husserl and therefore, we must refer to intersubjectivity, for the reasons expressed above. However, he has practically fallen into oblivion. We believe that counts and listings serve little purposes, but this time, we shall make an exception and a fallible exception at that. How many times has Husserl been quoted by non-Austrian epistemologists?

With all the fallibility and the margin of error that there might be in such estimation, let us start looking into it as from 1985 until the present day. In McCloskey's<sup>75</sup> book there is no reference. In D. A. Redman's<sup>76</sup> book, there is no reference either. In D. Hausman's<sup>77</sup> book, none whatsoever. In a major reader such as *New Directions in Economic Methodology*,<sup>78</sup> where we may find essays by Bachhouse, Hutchison, Hands, Blaug, Caldwell, Boland, Hausman, Rosemberg, Maki, Lawson, and D. McCloskey, among others, there is no reference to Husserl. In Boylan and O'Gorman's<sup>79</sup> book, we may find Husserl quoted once. In T. Lawson's<sup>80</sup> book, none at all. In the debate on *critical realism*,

published by S. Fleetwood,<sup>81</sup> again, there is none. In the well-known *Handbook of Economic Methodology*,<sup>82</sup> Husserl is mentioned twice. In a general text such as Scott Gordon's, which deals no more and no less than with the history and philosophy of social sciences,<sup>83</sup> there is one reference....<sup>84</sup>

All of the above is a vague "empiric" verification of what we already know: In "philosophy" Husserl is not quoted because it is "Continental Philosophy"; continental philosophers, after Gadamer and Ricoeur, never quoted Husserl because he is a "rationalist." For both traditions, he is almost a scholastic, and many scholastics do not quote him because he is allegedly an idealist.

The situation may take long to change. If, as Lakatos says, one may adhere to a degenerating program, "an even after,"<sup>85</sup> let us consider this essay as a humble case, of which we expect to have provided some reasons. According to Lakatos, rationality consists in being aware of the risks. In my case, the risk lies in remaining outside an academic community forever clinging to positivism. However, the risk of economics is disappearing altogether as a science.

## Notes

- \* This article was written during the second four-month term of 2005. The author wishes to thank the comments by Agustina Borella, Ricardo Crespo, and Ignacio De Marinis, and takes full responsibility for any mistakes that may have been made. The author is very grateful to Julieta Volujewicz for her excellent work in translating this essay into English.
- 1. See Carl Menger, *Principios de economía* (1871; repr, Madrid: Unión Editorial, 1983).
- 2. See Ludwig von Mises, *Human Action* (Chicago: Henry Regnery Company, 1966), chap. 2.
- 3. F. A. Hayek, "Scientism and the Study of Society," in *The Counter-Revolution of Science* (Indianapolis: Liberty Press, 1979).
- 4. Hayek, "Scientism," 52.
- 5. *Ibid.*, 53.
- 6. See Bruce Caldwell's analysis on this matter in *Hayek's Challenge* (Chicago: University of Chicago Press, 2004).
- 7. Mises insisted on this matter in *Teoría e Historia* (Guatemala: Unión Editorial, 2003).
- 8. In Mises, *Human Action*, chap. 2.

9. See Friedrich von Hayek, “Economics and Knowledge,” and “The Use of Knowledge in Society,” in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1980).
10. See Murray Rothbard, “In Defense of Extreme Apriorism,” *SEJ* 23 (1957): 3. Rothbard consistently rejects what he considers the invasion of hermeneutics in “The Hermeneutical Invasion of Philosophy and Economics,” *The Salisbury Review* (1987).
11. Fritz Machlup, offers a different interpretation; please refer to “The Problem of Verification in Economics,” *SEJ* 22 (1955): 1.
12. See Israel M. Kirzner’s written work, that is, *The Meaning of Market Process* (London: Routledge, 1992) and *The Driving Force of the Market* (London: Routledge, 2000).
13. See R. Crespo, “Subjetivistas radicales y hermenéutica en la escuela austriaca de economía,” *Sapientia* 53 (1998): pt. 204.
14. See Kirzner, “The Subjectivism of Austrian Economics,” in *New Perspectives on Austrian Economics* (London: Routledge, 1995).
15. The secondary bibliography on this subject is very extensive; thus, we shall only mention the most relevant works. Barry Smith, “Austrian Economics and Austrian Philosophy,” in *Austrian Economics: Historical and Philosophical Background* (London: Croom Helm, 1986); the essays by S. Boehm, et al., in *Subjectivism, Intelligibility and Economic Understanding*, edited by I. Kirzner (New York: New York University Press, 1986); the essays by Brian Loasby, et al., *Subjectivism and Economic Analysis*; ed. R. Koppl and G. Mongiovi (London: Routledge, 1998); Peter Kurriid-Klitgaard, “On Rationality, Ideal Types and Economics,” *The Review of Austrian Economics* 14, nos. 2–3 (2001); essays by A. Klamer, et al., (Lachmann himself among them) in *Hermeneutics and Economics* (London: Routledge, 1990); the essays by S. Horwitz, et al., in *The Elgar Companion to Austrian Economics*, ed. P. Boetkke (Brookfield, Vt.: Elgar, 1994). In addition to the foregoing, we should also mention all the essays that Machlup dedicates to the ideal types, in *Methodology of Economics and Other Social Sciences* (New York: Academic Press, 1978); G. Johnson and B. Smith, “Hermeneutics and Austrian Economics,” *Critical Review* 4, nos. 1–2 (1990); and, in the same volume, L. Graves and G. B. Madison: “Hayek and the Interpretative Turn”; T. Palmer, “Gadamer’s Hermeneutics,” *Critical Review* 1, no. 3 (1987); J. Shearmur, “Habermas,” *Critical Review* 2, no. 1 (1988); and R. Langlois, R.: “Knowledge and Rationality in the Austrian School: An Analytical Survey,” *Eastern Economic Journal* 9, no. 4 (1985). Regarding the authors quoted herein, it would be worth mentioning the significant influence of Gadamer on Don Lavoie, et al., in Richard Ebeling, ed., *Austrian Economics: A Reader* (Hillsdale, Mich.: Hillsdale College Press, 1991). Finally, with respect to the relationship between economy and phenomenology, G. Gronbacher’s and G. Zúñiga’s essays are clearly

Husserlian in the collection included in the *Journal of Markets & Morality*, and the same should be said, though in a more “Wojtylian” phenomenology, about F. Felice, “Introduzione,” a R. Sirico, *Il personalismo economico e la società libera* (Torino: Rubbettino, 2001).

16. Hans Georg Gadamer, *El giro hermenéutico*, (Madrid: Cátedra, 1998); *El inicio de la filosofía occidental* (1988); Paidós, 1999; *El problema de la conciencia histórica* (1959), Tecnos (Madrid, 1993); *En conversación con Hans-Georg Gadamer* (Tecnos, 1998), Carsten Dutt. (Editor); *Mis años de aprendizaje* (1977); Herder, Barcelona, 1996; *La actualidad de lo bello* (Paidós, 1991); *Mito y razón* (Paidós, 1997); *Verdad y método*, I, y II (1960/1986); Sígueme (Salamanca, 1991/1992).
17. To refer to an appropriate interpretation of Husserl, see F. Leocata, “El hombre en Husserl,” *Sapientia* 42 (1987), and “Idealismo y personalismo en Husserl,” *Sapientia* 55, no. 207 (2000).
18. Edmund Husserl, *Ideas ... Second book* (1928; repr., Dordrecht: Kluwer Academic Publishers, 1989), pt. 3.
19. Indeed, this was a more appropriate rationale for the well-known “methodological individualism.” See the following paragraph by Ricoeur:

Every event foreign to meaning (*Sinnfremd*)—such as a flood or a disease—will detach us from the domain of comprehensive sociology. This is the first threshold. The individual is the carrier of the sense. This proposition defines the methodological individualism of comprehensive sociology. Regardless of what may or should be said about the state, or about power or authority, singularities are always their rationale. This methodological individualism is the most primitive anti-Hegelian posture of comprehensive sociology. Should an institution not be perceived by the members of a community as resulting from a number of reasons, which provide the meaning to a certain course of action, it would not longer be considered as the subject matter of comprehensive sociology; thus it would be easily related to a natural disaster (Max Weber provides examples of this kind in relation to anything that may be considered *Sinnfremd*).

“Hegel and Husserl on intersubjectivity,” in *Del Texto a la Acción* (FCE, 2000).

20. See “La ciencia como orden espontáneo,” *Libertas* (1999): 30.
21. Neither Mises nor Hayek *would have ever* used such a “language game.”
22. Naturally, this was mostly the case with Mises, rather than with Hayek, but we cannot forget that the latter was not invited *either* to join the Department of Economics of the University of Chicago during the 1950s. See B. Caldwell, *Hayek’s Challenge*, and A. Ebenstein, *Friedrich Hayek, A Biography* (New York: Palgrave, 2001), and *Hayek’s Journey* (New York: Palgrave, 2003).
23. See Alfred Schutz, *The Phenomenology of the Social World* (Chicago: Northwestern University Press, 1967); Alfred Schutz and Thomas Luckmann, *Las estructuras del*



- mundo de la vida* (Buenos Aires: Amorrortu, 2003); *Estudios sobre Teoría Social II* (Buenos Aires: Amorrortu, 2003), and *On Phenomenology and Social Relations* (Chicago: University of Chicago Press, 1970). One of the few Austrian economists contemporary to Mises and Hayek who established a relationship among Schutz, the ideal types and phenomenology, was F. Machlup, *Methodology of Economics and Other Social Sciences*, who unfairly fell into oblivion.
24. See reference no. 15.
  25. Refer to *op. cit.*, and to Husserl, *Teoría de la interpretación*, Siglo 21 (1995).
  26. See the presentation by Javier San Martín to E. Husserl, *Problemas fundamentales de la fenomenología* (Alianza, 1994). The great philosopher Edith Stein was part of Gotinga's group.
  27. For a more extensive approach to these four items, please refer to "Hacia una hermenéutica realista," pending publication.
  28. This issue has already been given appropriate consideration in our 1990 thesis, "Fundamentos filosóficos y epistemológicos de la praxeología" (Argentina: Universidad Católica). When it was reprinted by UNSTA, Tucumán, in 2004, we included an introduction (*circa* 2002) meant to provide an update on some of the issues.
  29. Edmund Husserl, *The Crisis of European Sciences [circa 1934–1937]* (Evanston, Ill.: Northwestern University Press, 1970).
  30. Refer to Ludwig Wittgenstein, *Investigaciones filosóficas* (Barcelona: Crítica, 1988).
  31. Please refer to this interesting distinction pointed out by Heidegger: "As a consequence of the supremacy originally ascribed to 'nature' and to the 'objective' measuring of distances, there is a trend to consider such way of understanding and appreciating the distance of objects as 'subjective.' However, this 'subjectivity' will probably unveil *the most real aspects of the 'reality' of the world*, and has nothing to do with a 'subjective' arbitrariness or with subjective 'opinions' on an entity, which would otherwise be different 'per se' ..." In *Ser y Tiempo* (Santiago de Chile: Editorial Universitaria, 1997), 132. The underlining is our own work. Translation, prologue and notes by C. Jorge Eduardo Rivera
  32. See "Las estructuras del mundo de la vida."
  33. See Schutz and Luckmann, *La conquista de la abundancia* (Barcelona: Paidós, 2001).
  34. See Schutz and Luckmann, *Estudios sobre teoría social* (particularly to chap. 1).
  35. See Gabriel J. Zanotti, "Fundamentos filosóficos y epistemológicos de la praxeología."



36. Mises, *Human Action*, 401.
37. This matter had already been raised in our introduction to Mises, *Teoría e Historia*.
38. This is the relationship that Saint Thomas Aquinas establishes between nature and the primal substance in *De ente et essential*. (See the bilingual edition published by Universidad de Buenos Aires, 1940, preliminary study and translated by J. R. Sepich.) Such relation is herein applied to social sciences, which did not exist during Aquinas's time.
39. See Gadamer, "Historicidad y verdad," in *El giro hermenéutico*.
40. See "Hacia una fenomenología de las ciencias sociales," in *Derecho y Opinión* (Córdoba, España: Universidad de Córdoba, 1997), 5:611–22. Reprinted in *Sensus Communis* 2, no. 4 (2001): 419–35.
41. See *Ideas II*, pt. 3, chap. 2.
42. Ibid.
43. See S. Koyré, *Del universo cerrado al universo infinito*, vol. 21 (1979); *Estudios de historia del pensamiento científico*, vol. 21 (1977); *Estudios Galileanos*, vol. 21 (1966); *Pensar la ciencia* (Barcelona: Paidós, 1994).
44. See T. Kuhn, "A Discussion with Thomas S. Kuhn," in *The Road Since Structure* (Chicago: University of Chicago Press, 2000).
45. See the introduction by Carlos Solís in S. Koyré, *Pensar la ciencia* (Barcelona: Paidós, 1994).
46. See Gabriel J. Zanotti, "Caminos abiertos I," *Libertas* 25 (1996): 195.
47. See Francisco Leocata, *Persona, Lenguaje, Realidad* (Buenos Aires: UCA, 2003), chap. 6.
48. See "Hacia una hermenéutica realista" (pending publication).
49. Richard Ebeling expressed this very clearly in "Toward a Hermeneutical Economics," in *Subjectivism, Intelligibility and Economics Understanding*, 46.
50. See the comments made by Friedman in this regard in A. Ebenstein, *Hayek: A Biography*, 273.
51. See M. Polanyi, *Personal Knowledge* (London: Routledge, 1998).
52. We have already made reference to this subject in "Feyerabend y la dialéctica del Iluminismo," pending publication.
53. See E. Gallo, "La ilustración escocesa," *Estudios Públicos*, no. 30 (1988).

54. This is the very first dilemma for the reader. If we are discussing intentional, free human actions, what kind of “regularity” is Mises talking about? It is our desire to have made this point clear.
55. Note the word *interdependence*.
56. In Mises, *Human Action*, 1.
57. See the articles included in *Individualism and Economic Order*.
58. See E. Thomsen, *Prices & Knowledge* (London: Routledge, 1992).
59. We have extensively discussed this matter in “Hacia una hermenéutica realista,” chap. 4. See Hayek, “Economics and Knowledge,” 50.
60. *Ibid.*, 52n18.
61. See Wittgenstein and Leocata.
62. Hayek, 54.
63. See Hayek, “La ciencia como orden espontáneo.”
64. We are referring to Mises, “Degrees of Explanation,” and “The Theory of Complex Phenomena,” respectively, both in *Studies in Philosophy, Politics, and Economics* (Chicago: University of Chicago Press, 1967).
65. See “Hacia una fenomenología de las ciencias sociales.” See also Gabriel J. Zanotti, *El método de la economía política* (Buenos Aires: Ediciones Cooperativas, 2004) and Gabriel J. Zanotti, *Introducción filosófica a Hayek* (Guatemala: Unión Editorial/Universidad Francisco Marroquín, 2003).
66. *Op. Cit.*, 72.
67. Hayek, “The Theory of Complex Phenomena.”
68. See B. Caldwell, *Hayek’s Challenge*.
69. See “Elastic Expectations and the Austrian Theory of the Trade Cycle,” *Economics* 10, no. 39 (1943).
70. This is consistent with the theory of the social “Big Bang” developed by J. Huerta de Soto. See *Estudios de Economía Política* (Guatemala: Unión Editorial, 1994), chap. 1, n. 43.
71. See Israel Kirzner, *Op. Cit.*
72. See Kirzner, *The Driving Force of the Market*, pt. 6, “The nature of Profits.”
73. See Kirzner, *Discovery, Capitalism, and Distributive Justice* (Oxford: Basil Blackwell, 1989).
74. “The proliferation of competing articulations, the willingness to try anything, the expression of explicit discontent, the recourse to philosophy and to debate over

fundamentals, all these are symptoms of a transition from normal to extraordinary research.” T. Kuhn, *La estructura de las revoluciones científicas* (FCE, 1970), chap. 8, 148.

75. D. McCloskey, *The Rhetoric of Economics* (Madison: University of Wisconsin Press, 1985).
76. D. A. Redman, *Economics and the Philosophy of Science* (New York: Oxford University Press, 1991).
77. D. Hausman, *The Inexact and Separate Science of Economics* (New York: Cambridge University Press, 1992).
78. Roger E. Backhouse, ed., *New Directions in Economic Methodology* (London: Routledge, 1994).
79. Thomas A. Boylan and Paschal F. O’Gorman, *Beyond Rhetoric & Realism in Economics* (London: Routledge, 1995).
80. T. Lawson, *Economics & Reality* (London: Routledge, 1977).
81. S. Fleetwood (London: Routledge, 1999).
82. *Handbook of Economic Methodology* (Brookfield, Vt.: Elgar, 1998).
83. Scott Gordon, *The History and Philosophy of Social Science* (London: Routledge, 1991).
84. Based on the “fundamental fallibility” of our field of expertise, it would be worth mentioning that all the books quoted herein have been fully read, since in some cases, one sole reference may be qualitatively important. But this is not the case in any of them.
85. I. Lakatos, *La metodología de los programas científicos de investigación* (Alianza, 1973).