

# The Logic of Happiness

An Abbreviated Theory of Human Ethical Action

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## Praxeology

Praxeology is a discipline concerned with expressing the recurring phenomena of human experience in the form of exact laws.

Historically, praxeology is associated with economics, but the scope of praxeology exceeds economics proper and encompasses any goal-directed activity (any action) in which means are utilized to bring about an end. Holding the door open for someone or thinking about a problem in a different way are means to ends, just as increasing the legal minimum wage or printing more currency are means to ends.

The difficulty in conceiving praxeology as a general science of human action, as opposed to a science of the *economic aspects* of human action, is due apparently to the fact that economic acts eventually result in price fluctuations, and in this sense economic acts entail measurable or “objective” results. By contrast, ethical acts such as coercion and dishonesty do not entail measurable results in the same way economic acts do. We know of no phenomena which fluctuate

following ethical acts analogous to how prices fluctuate in response to economic acts.

The absence of an objectively measurable consequence to ethical acts seems to be the reason we believe that ethical acts are not “law-like,” and thus not the proper subject of a science of law-like phenomena. Economic actions and their resultant consequences as manifested in market prices are law-like (exhibit regularity), and thus we believe that economic actions are the proper subject of a science of law-like phenomena.

The focal point of praxeology is the ascertainment of laws of succession and coexistence with respect to human goal-directed activity. A *law* in this view is a relationship between phenomenon **A** and phenomenon **B**, such that the appearance of phenomenon **A** brings with it the appearance of phenomenon **B**. This implies that phenomenon **A** and phenomenon **B** are nonidentical in some sense.

A praxeological law is objectively formulable; it identifies or differentiates two entities, and states the sense in which one entails the other. This may seem self-evident. However, it is common for ethicists to write about “moral laws” or “natural laws,” without specifying the implied law-linked entities or the sense in which they entail one another. The lack of such specification indicates that moral or ethical laws have not yet been uncovered, though some believe they exist.

A praxeological law is considered utilizable. It is utilizable in the sense that success in bringing about phenomenon **A** thus brings about phenomenon **B** and, conversely, success in *avoiding* phenomenon **A** thereby avoids phenomenon **B**.

Regarding the following three questions:

1. How to bring about **A**?

2. How is **A** equivalent to **B**?

3. How does a person experience **A**'s equivalence to **B**?

We will view (1) as an empirical question and not the focus of our inquiry, (2) as an "exact" question and the primary focus of our inquiry, and (3) as partially empirical and partially exact and thus a secondary focus of our inquiry.

Praxeology is "if-then" in nature: If **A**, then **B**.

## **Action**

Strictly speaking, action is both striving and attainment. Action is comprised of both the means currently utilized and the ends sought. But often we refer to action as goal-directed activity and thus refer primarily to the striving after ends.

Action is aiming at ends. It is "wanting" or "trying to."

Aiming, wanting, trying, attempting, desiring, willing, intending, striving, seeking, searching, wishing, hoping, proposing, pursuing, needing. These all refer to the same fundamental phenomenon: the attempt to bring about a situation different from the one that exists currently.

A *means* is that which is currently utilized toward an end which has not yet been brought about. As opposed to the end which is aimed for, a means is "attained." It is present currently; or, simply, present. The end is never present and never attained. In praxeology, *end* is a logical category designating that which is sought. Something sought is something not obtained or attained. Ends and means are the two fundamental categories of action.

According to the various ends an actor may have, we may classify various types of action. If the end is to change the location or appearance of an ordinary object of perception, we may designate this type of action a “simple” action. If the end is to conduct a monetary exchange, we may designate this type of action an “economic” action. If the end is to effect a change in the mind of another person, we may designate this type of action an “ethical” action. And if the end is to effect a change in our own mind, we may designate this type of action a “psychological” action.

Thus, a person playing a guitar in a coffeehouse may be understood to “act” in each sense described above. When he picks up his guitar, he acts simply. When he hands out three dollars for a cup of coffee costing two dollars fifty cents, he acts economically. When he plays guitar for the enjoyment of his audience, he acts ethically. And when he plays for his own enjoyment, he acts psychologically.

Action is the general phenomenon of striving to attain. And we may classify various types of actions according to what the actor tries to attain.

### **An Exact Science of Human Ethical Action**

Referring to the four classes of actions above, it is possible to conceive mathematics as an exact science of simple action, and economics as an exact science of economic action. In this view then, the exact sciences of ethical and psychological action have yet to be developed. A conception such as this is what Mises had in mind when he stressed repeatedly that economics was, up to that time, the best-elaborated part of praxeology.

Traditionally, ethics has been pursued as something other than an exact science of human ethical action. Libertarian ethics is traditionally concerned with rights, socialist ethics is generally concerned with equity, and religious ethics teaches the ethical code of the Deity or prophet. Contemporary psychology is by and large a branch of applied medicine.

At least two things prevented ethics from being conceived as an exact science. First, the existing system of social-scientific concepts had been developed mainly with an eye toward market phenomena. Formal social science was largely economic social science. This situation posed an intellectual obstruction for those theorists trained in economics and who later turned their focus to ethics. Second, though the idea of a formal understanding of human happiness was discussed, a workable formal-logical conception of happiness/unhappiness remained elusive.

Formally conceiving happiness and unhappiness entails more than simply stating that the concept of happiness is to be understood formally, and without respect to the concrete state of affairs from which a person expects to derive happiness. What is needed is a formal conception of happiness and unhappiness that, besides being absent specific content, also corresponds to the recurring and recognizable pattern of happiness and unhappiness as those are experienced in human action.

The insight that happiness is always a situation in which *such and such* happens, and unhappiness is always a situation in which *so and so* happens, is the first step toward a formal definition or conception of the phenomena happiness and unhappiness. This insight, explicitly stated and conceived as absent specific content, then leads to a formal conception of happiness and unhappiness. Once happiness and unhappiness are conceived formally, this allows the formal means/ends and

happiness/unhappiness conceptions to be integrated into a unified logical-deductive system.

Those who have followed Mises have conceived praxeology primarily as a formal science of economics, studying mainly the logic of economic means and economic ends. And they have conceived ethics as essentially a different kind of undertaking. In this conception, ethics is concerned with rights, or with what one should or should not do to others, or with arriving at the most appropriate concrete or objective values for mankind or for a particular person. Ethics as a theoretical science of the invariant regularities of ethical action has been either dismissed or overlooked. Ethics, as a branch of praxeology attempting to conceive the necessary consequences or co-presences to ethical actions, hasn't been seriously considered.

### **Striving and Attainment: The Two Categories of Action**

The two fundamental categories of action are *striving* and *attainment*. In action, there is that which is present currently, and there is that which is sought and therefore not present currently. The categories of striving and attainment are nonidentical “if-then” categories conceived without respect to specific content. If something is attained, then it is not striven for. If something is striven for, then it is not attained.

### **Attainment Further Defined**

Those things attained in action are those things perceptually present. Anything and everything present perceptually is thus “attained” in the sense that it is present to consciousness. Thus, the entirety of one's conscious awareness in part or in

whole is what is attained. We may refer to that which is attained in action as a “perceptual presence.”<sup>1</sup> A perceptual presence is a sound, a smell, a tactile experience, a visual experience, etc. A perceptual presence is also an imagined sound, an imagined smell, an imagined tactile or visual experience, etc. We may understand the idea of a perceptual presence as a classification designating anything which “presents” to a consciousness, without respect to where or when it presents or what kind of perceptual presence it is (e.g., whether we deem the perception “mental” or “physical”). The location, time, or type of perceptual presence is not specified. Only perceptual presence is designated.

In praxeology, the theory of human action, the logical counterpart to perceptual presence is not perceptual nonpresence. The logical counterpart to perceptual presence is *desire*. That is, the fundamental opposite to the category of attainment is the category of *wanting* something not currently attained. Stated succinctly, in the theory of action, the logical counterpart to attainment is striving.

### **The Relationship Between Striving and Attainment, Further Specified and Proposed as a Simple Theory of Consciousness**

The following is intended to further define the relationship between the concepts of striving and attainment.

First, with respect to Husserl’s “bracketing,” the idea is that when everything perceptually present is bracketed—when we consider every perception or everything perceptual as

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<sup>1</sup> Changed from “perceptual impression” in previous writings to avoid unnecessary confusion.

categorically singular—what remains is not pure consciousness, as Husserl held, but rather “wanting.” And our thesis is that wanting (striving, desiring, willing, intending, etc.), together with perceptual presence(s), constitutes consciousness. Thus, the theory presented here is in essence a radically simple theory of consciousness, holding that consciousness comprises perceptual presences and wanting.

When we consider as categorically identical everything perceptually present, then what remains is “privation.” This is the thesis.

Second, the sense in which the concept of striving or wanting is intended is as follows. When we are referred to the mathematical concept of “line,” we are challenged to do something problematic, since what we can imagine a line to be, is something with properties a line (in the strictly formal sense) is held not to have. That is, a “line” becomes something perceptual in being present to consciousness, and thus takes on characteristics (as something perceptual) which the formal definition of “line” holds as expressly *not* part of the concept of line.

We propose applying the same idea to the concept of “wanting.” In trying to grasp the concept of wanting, we refer to some sensual/perceptual experience of wanting, which is thus a perceptual presence and not strictly wanting as formally defined. This situation constitutes an epistemological or ontological factual predicament: formal concepts can be communicated only by means of perceptual presences, such that what is referred to as indicative or representative of the formal concept is, in an essential respect, not the concept. Or, formal concepts are never perceptually present.

Wanting or striving is never perceptually present, because something perceptually present is a concrete perceptual or physical experience and, as such, is *attained*.

## **Supply and Value, Means and Ends**

In the present theory, the social-scientific concept pairs of supply/value and means/ends reduce to equivalence with the fundamental categories of attainment and striving.

“Supply” corresponds to what is attained in action, and “value” corresponds to desire or striving. A “means” corresponds to what is attained in action, and an “end” corresponds to what is striven for but not attained in action.

In considering the two concept pairs of supply/value and means/ends, we can perhaps see an asymmetry between the two pairs as follows. We can see in the ideas “supply” and “value” that one concept, *supply*, refers (let’s say) to some factual state of affairs, whereas *value* refers more to the attitude of an actor toward something. The concepts of supply and value are in this sense categorically nonidentical. Let us posit that “supply” refers to a stock of something, and “value” refers to an attitude I have with respect to that stock of something.

By contrast, in some social-scientific literature, the concepts means and ends seem to be categorically less distinct. A car is both a means and an end. Going to an opera is both a means and an end. In this conception, both means and ends are things we can point to. They are both “perceptually present,” or at least conceived as things which in principle *can be* perceptually present. In this conception, both means and ends belong to the same *category* of perceptible things.

Taking into account what we have discussed above and what we have previously argued,<sup>2</sup> we will hold that this indicates a partial misconception in the concept pair means/ends. Because from our point of view, the expressions *attainment and striving* and *supply and value* exhibit the recognizable categorial form: (concrete) + (attitude), whereas the expression *means and ends* on its face exhibits the categorial form (concrete) + (concrete).<sup>3</sup> And thus as we have previously argued, in a logically consistent conception of means and ends, an end must be conceived as something categorially nonidentical to a means. It follows that an end must always refer to that which an actor aims for, but has not attained. The concept “end” refers strictly to that in action which is striven for, and “means” refers to those things in action that are attained. The concept of “end,” to be logically compatible with the formal theory of action, cannot be conceived of as a subset of a larger set (means + ends) where means and ends are considered categorially identical. Rather, we must consider “end” congeneric with the phenomena of value and striving. And thus, with respect to the three concept pairs: attainment/striving, supply/value, and means/ends, we should interpret the concept “end” as designating the *aiming* aspect of action, and as a logical counterpart to “means” (what is present or presently utilized in action). We should not conceive of ends as a subset of things appearing in action. We should conceive an end as something which in principle *cannot* appear in action.

This conception of means and ends is both logically consistent and in accord with Mises’s conception of them. As Mises stressed on several occasions, treating or discussing ends

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<sup>2</sup> *Striving and Attainment*, 43-50; *Praxeology and Ethics*, 15-20.

<sup>3</sup> In the sense that the word “end” seems not to refer to an attitude toward something as explicitly as the words “value” and “striving” do.

imperceptibly transforms them to means. In action, once something is brought to perceptual presence, it is thus no longer striven for, but attained.

Ends are beyond rational treatment because when something is treated, it is categorically situated as present to consciousness. It is now present (attained) and thus not striven for. But the end is what is striven for, and so what is now treated is not an end.

## **Happiness and Unhappiness**

The missing component in formal/logical social science is a workable conception of happiness/unhappiness capable of demonstrating the impact of conceivable forms of action on the happiness of the actor within a single deductive system. Speaking in broad and general terms, we could say that the definition of happiness employed by formal economics is not accurate, and the definition of happiness employed by nonformal ethics is not deductive. Missing is a conception of happiness and unhappiness that is both accurate and logically consistent with a unified logical system.

The solution eventually arrived at in *Striving and Attainment* designated all perceptual attainments as constituting happiness and all striving as constituting unhappiness.<sup>4</sup> We can express all instances of unhappiness as a desire that things be other than they are. And we can express all instances of happiness either as the attainment of something sought, or as satisfaction with the way things are, with both cases emphasizing attainment in the sense of presence. Thus, the

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<sup>4</sup> *Striving and Attainment*, 50-59.

requirement that the concepts accurately conceive the phenomena is met.

In this conception we can see that happiness and unhappiness are structurally equivalent to attainment and striving, supply and value, and means and ends (when ends are rightly conceived as proposed above). When we explicate the logic of action, we explicate the logic of attainment and striving, which is identical to the logic of means and ends, which is identical to the logic of supply and value, which is identical to the logic of happiness and unhappiness.

Thus, happiness and unhappiness are integrated into the formal means/ends logical framework upon the realization that when the concept of ends is rightly conceived, both concept pairs refer to the same phenomenon: human action.

### **Ethical Action and Ethical Means**

Ethical action is action directed toward another acting being. We may also define ethical action as action directed toward the happiness or unhappiness of another, or action directed toward another consciousness.

Ultimately, ethical action entails an attempt to help or harm another person—an attempt to make that person happy or unhappy. This follows logically from the nature of action (when we assume that consciousness and action are comprised of the categories happiness/unhappiness), and the assumption that what or who is addressed is an acting being.

As action is the utilization of means toward ends, then in ethical action we may assume there are ethical means. Recognizable forms of ethical means are helping someone,

harming someone, lying to or being truthful with someone, and coercing or seeking the voluntary consent of someone.

As the theory of action is the ascertainment of the hidden or unintended but logically necessary accompaniments attaching to various means, then a theory of ethical action is a theory of the logically necessary accompaniments to specifically ethical means.

### **The Essence of the Theory of Ethical Action**

Below, we attempt to describe the essence of the present theory in descriptive terms. Conceivably, the situation described could also be presented in the form of a formal proof.

We will begin with the postulate that a formal axiom cannot be brought to perceptual presence.

If a concept or axiom denotes the universal, then this concept or axiom is itself something fundamentally other than what appears in any concrete presentation. A universal axiom or concept refers to something that does not appear in the single concrete.

With regard to the formal axiom “line,” what appears perceptually is never a line strictly speaking, but always perceptual presences having width, depth, and presenting concretely and perceptually. What is a formal line, or the axiom “line,” may be defined by referring to concrete “reference phenomena,” in each of which the formal axiom “line” does not appear as it is defined.

We will contend that the concept or axiom “striving” (aiming at ends) is a formal axiom of the same essential nature. It is a universal, and thus is not perceptually present in any

particular instance. So for example, “striving” does not appear perceptually. What appears is some perceptual experience or a perceptual presence. Striving, by formal definition, is not perceptual presence; it is an attempt to attain something other than what is perceptually present. This axiom refers to something that is not perceptually present in any particular perceptual experience or presentation.

So our postulate is that a formal axiom cannot be brought to perceptual presence.

And this postulate has implications in individual action.

In the present theory, perceptual presences are identical to means. Therefore, our postulate is equivalent to the statement that a formal axiom cannot be a means of action.

Thus, a stick or a taut rope or a visual horizon can be a means of action, but not a “line.” And, my body or my speech or a feeling I have can be a means of my action, but not my “striving.”

By virtue of the same reasoning then, that aspect of another person that is a formal axiom also cannot be brought to my perceptual presence. Or, that aspect of another person that is a formal axiom cannot be a means of my action. At the very least, we consider “striving” (aiming at ends) a formal axiom. Thus, another person’s body or speech can be a means of my action, but his “striving” cannot. In the present theory, striving is identical to unhappiness, and this indicates that another person’s unhappiness cannot be a means of my action, to the extent that unhappiness (striving) is a formal axiom. (In this discussion of ethical action we will only address the *unhappiness* of another, and will leave his *happiness* untreated.)

This reasoning seems to indicate that there is something either nonsensical or problematic in an idea such as “I intend to make him unhappy, in order to (or so that)...” For the sake of illustration, let’s consider an example in which I seek to cause another person unhappiness because of something he did to me or to a friend previously. With respect to “I intend to make him unhappy, in order to...”, we recognize the elements of action. First “I intend,” which is striving (or end), and “in order to” or “so that,” indicating a means. I consider bringing about the unhappiness of person B a means to some other end for me. The phrases “so that” or “in order to” indicate that what I seek I consider a means to something else.

But we hold that a formal axiom (striving and unhappiness are equivalent axioms here) cannot be brought to perceptual presence, and thus cannot be a means of my action. Thus, there is something either nonsensical or problematic with an idea such as making someone unhappy as a means to an end for me. There is something nonsensical or problematic with the “him unhappy” part in the idea “I intend to make him unhappy, in order to...”

By way of analogy, we previously used the example of the person who, as a means to lift himself off the ground, places his hands under his feet and pulls upward. In this example, the constituent elements of such an attempt, each taken by itself, we could construe as amounting to the possibility of success. Pulling something upward is an appropriate means of lifting something off the ground. Bodies can be lifted off the ground. And, plausibly, the attempt to lift oneself off the ground will result in one’s being lifted off the ground. However, as a means of lifting oneself off the ground, there is something nonsensical or problematic in placing one’s hands under one’s feet and lifting.

Analogously, I can intend to make someone unhappy, another person can be unhappy, and my making someone unhappy can be a means to an end for me (e.g., a means to revenge or justice). However, we propose that there is something wrong with this.

Referring again to our analogy, we might say that a person can attempt to lift himself off the ground in the way indicated. As a separate matter, his body may be lifted off the ground. But though a person may rise above the ground, it cannot be the result of his placing his hands under his feet and lifting. If the person's body does indeed leave the ground, it is not due to his placing his hands under his feet and lifting, but due to something else. It is due to the ground suddenly dropping, or to his jumping up, or to someone or something lifting him up, etc.

Similarly, a person can apparently strive for ethical means. And as a separate matter, a person can attain means. But though a person may attain means, it cannot be the ethical means he strives for. What presents perceptually as happiness for the actor cannot be the ethical means he intends to attain. What presents perceptually as happiness for the actor is something else, but not the ethical means he strives for.

### **The Essence of the Theory of Ethical Action (continued)**

Yet ethical action—as all action—is an attempt to attain means as happiness. In ethical action (in social interaction) properly understood, an actor strives for something which *in principle* he cannot attain, so that every attainment resulting from such striving is of a nature different from the implied nature of what he strives for.

We may state the situation as one in which actor A can, in principle, never find something identifiable as “striving” in person (or being) B, while, at the same time, social interaction can exist for A only when “striving” is something he considers identifiable in B.

In striving for ethical means (in striving with regard to another consciousness), the actor strives for a formal axiom to appear as a means of his action. This axiom has never appeared as a means of his action, and *in principle it cannot* appear as a means of his action. In ethical action, the actor strives for something to appear concretely, which thing cannot concretely appear. Doing this *is* social interaction. Doing this particular thing *is* ethical action.

We might say that the axiom of striving cannot be unambiguously considered as spatiotemporally located with another person or being. However, ethical action when properly conceived is an attempt to unambiguously join the axiom of striving spatiotemporally with another person or being. In other words, social interaction is an *act* that entails an attempt which in principle cannot be fulfilled.

### **The Essence of the Theory of Ethical Action (conclusion)**

Ethical action is striving for the perception of striving.

In social interaction, we search for the perception of another person’s actions not because actions are perceptible, but because searching for perceptions constitutes our action. To suppose action is to attempt to perceive action. Striving for perceptible action **is** the attempt to posit an axiom of action.

The attempt to delimit a concept by means of perceptual presences is identical to the attempt to bring the concept to

perceptual presence. Ethical action is an instance of this. Ethical action is the attempt to bring the axiom or concept of striving to perceptual presence, something which in principle we cannot do.

## **A Law of Action**

This seems to indicate what we may call a law of ethical action. When we interact socially, we suppose the person we address to be an acting being, and thus we suppose the presence of action. But this supposition is the same thing as the attempt to bring an axiom of action to perceptual presence. The supposition is the attempt. The axiom does not present perceptually, but only “appears” as the attempt. Attempt is striving: the trying to bring to perceptual presence something other than what is perceptually present. Striving is unhappiness. In some sense, social interaction or ethical action is equivalent to unhappiness. When there is ethical action there must be unhappiness.

## **The Relationship Between the Market Economy and the Command Economy**

Libertarian ethical reasoning begins with a complaint about the way society is structured. Ultimately libertarian ethical reasoning refers to the two fundamental approaches to social organization as described by terms such as “market economy versus command economy,” “capitalism versus socialism,” “voluntary versus coerced,” etc. The libertarian argument is that a relationship exists between political liberty and human well-being, such that expanding political liberty is universally beneficial. Libertarians contend that the nature of man is such that some form of libertarian political organization is optimal

for man's happiness. The particular libertarian political theories then become theories about the nature of man and what kind of political system man's nature requires.

When we conceive man as an acting being, we conceive man as one who strives to attain things as happiness. Attainment is happiness and striving is unhappiness. And as we have argued, ethical means cannot be attained, as it is impossible to bring the axiom of action to perceptual presence. Thus, ethical action (typically referred to as social interaction) is actually a type or class of unhappiness. There is a "painful" or "dissatisfactory" aspect to social interaction that arises from the nature of social interaction, and which must arise whenever and wherever social interaction occurs.

But we propose that there are forms or methods of social interaction which do not entail the attempt to bring the axiom of action to perceptual presence. Some forms of social interaction as we typically conceive them do not refer to an acting being at the time the interaction takes place. Vending machine transactions are one example. Thus, to the extent that these types of social interaction do not refer to the axiom of action (do not refer to the consciousness, intentions, motives, etc., of another acting being), to this extent does the unhappiness that arises from such a reference not arise. The specific type of unhappiness that arises from the attempt to perceive action does not arise when we make no attempt to perceive action. And there are types of social interaction where such an attempt is largely absent. These include vending-machine and self-check-out transactions, mail-order transactions, Internet transactions, and the like.

The point is *not* that therefore, we should structure society so that one interacts only with inanimate technology. The point is that we intuitively associate with "market" transactions the kinds of social interaction that do not refer to another

consciousness (consider price signals). Though we may not bring such a fact to conscious awareness, we intuitively associate with what we call “market” transactions those social transactions that do not refer to another consciousness. We do this based on our experience of such market transactions compared with our experience of social interaction that entails reference to another consciousness. In other words, we define “market versus command,” or “capitalism versus socialism,” or “voluntary versus coerced,” as fundamental opposites, according to the fundamental difference within our acting reality between ethical action and other types of action. We intuitively realize that the terms “command” or “socialism” or “coercion” ultimately refer to ethical action and social interaction, and we intuitively realize that the terms “market” or “capitalism” or “voluntary” ultimately refer to or envision other types of action besides ethical action.

Command, coercion, and socialism, as theories of social organization, are theories which insist on ethical action as the primary mode or method of social interaction. These political theories continually refer one to the desires of another person—to another person’s consciousness—as the only legitimate form of social organization. By contrast, market, capitalism, and voluntarism, as theories of social organization, refer either explicitly to a mode or method of social interaction absent ethical action, or at least conceive such modes and methods to be legitimate.

This is why the debate and struggle between the opposed camps inevitably refers to the market economy, because the market economy is a method of social organization tending more and more towards forms of social interaction which alleviate the need for ethical action. It tends this way because people experience the unhappiness in ethical action and ordinary social interaction, and tend over time to adopt methods of interacting socially which render ethical action and

typical social interaction unnecessary. When they do this, they adopt a method in which reference to another consciousness is largely absent, so that the unhappiness accompanying ethical action does not arise. When they do this, they choose a method of social interaction that is fundamentally the same as a market transaction since, for an acting being, market transactions are defined or experienced in terms of the degree to which ethical action is absent in such transactions.

Libertarian ethical theory begins with a complaint about the way society is structured, and this complaint derives from a preexisting intuitive understanding of the essential difference between ethical action and market transactions. And that is why libertarian social theory is inextricably bound to the theory of market society. It is the experience of the logically necessary accompaniments to ethical action, as compared with the experience of alternative means of social interaction, which ultimately guides libertarian social theory in the direction of market society.

Libertarian social theory is essentially a theory about the happiness and unhappiness we experience during fundamentally different types of social interaction.

### **An Invisible-Hand Explanation**

The theory outlined above provides an *invisible-hand* explanation of the evolution of market society similar to those provided by Adam Smith and Carl Menger. By means of the present theory we can understand how an individual, acting to improve his own happiness, also acts to bring about a state of society—market society—that was not necessarily his intention.

## Theory Placed in the Context of Austrian School Social Thought

The theory as outlined is entirely consistent with Misesian praxeology and with Menger's conception of theoretical exact science. It is structurally consistent with the universal categories of human action, and generally does not refer to content except as content is a category of action.

The problem is how to arrive at a praxeological theory of ethical—as opposed to economic—phenomena.

Mises wrote:

“The importance of phenomenology for the solution of the epistemological problems of praxeology has not been noticed at all.”<sup>5</sup>

However, Schutz as phenomenologist wrote:

“We must, then, leave unsolved the notoriously difficult problems which surround the constitution of the Thou within the subjectivity of private experience. We are not going to be asking, therefore, how the Thou is constituted in an Ego, whether the concept “human being” presupposes a transcendental ego in which the transcendental alter ego is already constituted, or how universally valid intersubjective knowledge is possible. As important as these questions may be for epistemology and, therefore, for the social sciences, we may safely leave them aside in the present work.

The object we shall be studying, therefore, is the human being who is looking at the world from within the natural attitude. Born into a social world, he comes

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<sup>5</sup> *Money, Method, and the Market Process*, 19.

upon his fellow men and takes their existence for granted without question, just as he takes for granted the existence of the natural objects he encounters. The essence of his assumption about his fellow men may be put in this short formula: The Thou (or other person) is conscious, and his stream of consciousness is temporal in character....”<sup>6</sup>

Thus, Austrian School social thought was to some degree prevented from progressing because the theoretical problem of how to constitute the Thou (the other consciousness) within the acting reality of the Ego (the primary consciousness) had not been solved. Austrian School social theorists were thus forced to treat social interaction in terms of intersubjectivity and spatiotemporal relations rather than by strict methodological individualism and formal relations. This ultimately manifested in a gradual and tacit abandonment of Misesian praxeology and Mengerian theoretical exact science, in favor of more realistic and value-objectivistic approaches. The Austrian theorists taking this approach generally emphasize the realistic aspects of Menger’s thought and combine this with the realism of Bohm-Bawerk and the value-objectivist approach of Rand and Rothbard. By contrast, the present theory emphasizes the formal aspects of Menger’s thought and combines this with the formalism of Mises to arrive at a formal and uniquely Austrian approach to human ethical action. This approach flows directly from Mises’s conception of praxeology as the formal science of human action in *all* its aspects.

The problem of the unobservability of other people’s actions is not new. But those who realized a problem existed with respect to observing the actions of others naturally considered it out of the question to *deny* the existence of

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<sup>6</sup> *The Phenomenology of the Social World*, 98.

others' actions. Thus, in their theorizing they generally assumed the opposite: they assumed the existential reality of others' actions. This fateful assumption essentially placed their social thought on the foundations of philosophical objective realism.

By contrast, the present theory neither assumes nor denies the real existence of other minds, but instead tries to examine how one mind may appear or not appear from the point of view of another. It is an approach from the point of view of strict methodological individualism rather than from the point of view of objective realism.

What allows this approach to achieve some degree of success is a preexisting formal theory of happiness and unhappiness, so that various phenomena that present to action can be formally related to an impact on the happiness or unhappiness of the individual actor. Thus, if on the one hand we have a formal theory of happiness and unhappiness, and on the other hand we have the insight that another person's actions are not observable, then the question eventually arises whether the unobservability of another person's actions has a demonstrable impact on the happiness and unhappiness of the observing subject. The theory is essentially an unfolding of the implications of the insight that the unobservability of the actions of another person has an important impact on the acting individual.

Mises knew that social science is closely related to our understanding of the human mind. For social science to progress, new approaches to understanding the human mind are needed, and these approaches amount to theories of consciousness. The social scientist or social thinker is understandably cautious when it comes to the subject of consciousness, because of the apparent complexity of

consciousness. The danger in embarking on a theory of consciousness lies in the possibility of failure.

Husserl writes:

“On the single-mindedness and purity of the “phenomenological” attitude depends entirely the consistency or absurdity of the investigations that are here to be carried out.”<sup>7</sup>

Mises writes:

“The method of imaginary constructions is indispensable for praxeology; it is the only method of praxeological and economic inquiry. It is, to be sure, a method difficult to handle because it can easily result in fallacious syllogisms. It leads along a sharp edge; on both sides yawns the chasm of absurdity and nonsense. Only merciless self-criticism can prevent a man from falling headlong into these abysmal depths.”<sup>8</sup>

Though failure is possible, to refrain from treating the subject of consciousness is to cede the realm of consciousness to the philosophers of naturalism and egalitarianism. And thus if we desire that libertarian theories eventually triumph over the theories of coercion, the philosophers of liberty have no choice but to construct theories of consciousness that compliment rather than contradict the cause of human liberty.

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<sup>7</sup> Essay: “Philosophy as Rigorous Science.”

<sup>8</sup> *Human Action*, 237.





