
Ludwig von Mises and The Ethical Imperative

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The ideological divisions that have dominated American politics since World War II are becoming fragmented and confused, with seemingly unexpected alliances forming and disputes breaking out between the different factions. This is because the fundamental assumptions on which these ideologies are based are being reexamined, partly, in light of today's serious social problems.

On the right¹ classical liberals or libertarians emphasize the near absolute freedom of the individual to do as he pleases as long as he does not initiate the use of force against others.² But, of late, they focus more on how non-governmental institutions help sustain a peaceful social order. Conservatives or traditionalists, while tending also to favor a free market, often support state actions anathema to the libertarians, for example, censorship of pornography and the banning of such drugs as marijuana, to preserve what they see as the good society. Yet their concern is growing over the dangers posed by the use of state power by the liberal left to undermine traditional institutions. Most neoconservatives broke from a left they

¹ A good chronicle of the evolution of the post-World War II American right is found in George H. Nash, *The Conservative Intellectual Movement in America: Since 1945* (New York: Basic Books, Inc., 1976).

² Perhaps the best modern presentation of this view is Ayn Rand's "Objectivist Ethics," and "The Nature of Government," in *The Virtue of Selfishness* (New York: New American Library, 1964). It is important to note that Rand was highly critical of libertarians who she believed ignored the objective ethical standard that is necessary for the preservation of a free society.

saw as undermining social order. Yet many of them currently support an active federal welfare state in the belief that it will promote a better order.

From the left, which generally argues for unlimited free speech, comes the Political Correctness movement to control speech not conforming to its own ideological presuppositions. At the same time the leftist Progressive Policy Institute explores ways for educational, welfare and other services to be less under the costly and counter-productive control of government bureaucrats. Also on the left, Amitai Etzioni's journal *The Responsive Society*, subtitled "Rights and Responsibilities" (journal's italics), examines the need to resurrect local communities to provide social and welfare services that modern liberals have generally assigned to the federal government.

These ideological circumstances bring to mind a wide range of philosophical antecedents. John Locke, a fount of classical liberalism, maintains that each man is by nature free. Society and government are formed to protect life, liberty and property so that each individual can live his own life as he sees fit. The social order arises out of each individual's rational self-interest, the latter having strong economic overtones. When governments stray beyond this role, they more often than not rob individuals of happiness, creating repressive societies not worth preserving. Leftist thinkers, attracted more to philosophers like Jean-Jacques Rousseau, have favored individual social freedom to act out personal preferences but have not favored economic freedom.

Traditionalists today generally maintain with Plato, Aristotle, and Judeo-Christian thinkers that society exists not simply for the sake of freedom and material prosperity but for a good life determined by some objective or universal ethical standard. They fear that, if the state does not force individuals to comply to some extent with this standard, society will not be preserved.

Present debate shows the need for disciplined thinking about the relationship between freedom and social order. Since modernity is often described as "liberal," it is advantageous to address this issue in ways that give attention to freedom and the needs of the individual. Is stressing the freedom of the person compatible with recognizing a unifying standard above or beyond the individual? The question can be fruitfully addressed by examining the philosophical foundations of the thought of one of liberalism's leading authorities, the economist Ludwig von Mises (1881-1972). Mises' ideas can be

shown to imply an ethical imperative that is nevertheless not recognized by Mises but, indeed, denied. This hidden ethical imperative suggests that classical liberalism is potentially responsive to the increasingly felt need for social unity.

*Mises an
economic and
philosophical
thinker.*

Ludwig von Mises was, together with Friedrich von Hayek, the preeminent representative of the Austrian school of economics in the twentieth century. He was perhaps the greatest free-market economist of the century, but his work could be in large part equally well described as philosophical. Mises' economic arguments, which support uncompromising laissez-faire capitalism, find favor with both traditionalists and libertarians. Yet though he could make common cause with conservatives on some issues, Mises considered himself a classical liberal and was more at home in the libertarian faction, seeing the role of government as limited to protecting life, liberty and property.

This discussion shall focus on the philosophical foundation of Mises' economic theory as presented in his magnum opus, *Human Action*. I shall attempt to show that acceptance of an economic imperative as the basis for society requires acceptance of a supra-economic or ethical imperative as well. Although the latter does not necessitate state control of private morality, it does suggest the need for widespread recognition of certain moral precepts if a free society is to endure.

The Praxeological Philosophy of Mises

*Human Action*³ is ostensibly Mises' attempt to establish a new science and with it a firm theoretical basis for his economic theories. Praxeology is the science that seeks to discover the laws of human action. Mises seeks to identify the nature of human action *qua* action. He means to focus neither on the psychological motives behind actions nor on the ethical evaluations that one might attach to some particular action. Mises maintains that for all men who act certain principles will necessarily govern their actions, regardless of motive or ethical judgments.

*Action as
purposeful
behavior.*

The first premise that Mises establishes is that "Human action is purposeful behavior. Or we may say: Action is will put into operation and transformed into an agency, is aiming at ends and goals."

³ Ludwig von Mises, *Human Action*, 3rd Rev. Ed. (Chicago: Henry Regnery Co., 1963); hereinafter cited in the text as "HA."

Further, “Conscious or purposeful behavior is in sharp contrast to unconscious behavior” (HA, 11) Man’s behavior is neither reflexive and involuntary as in the case of cells or nerves, nor instinctive as in the case of the lower animals. It is voluntary action taken to achieve some end.

Action as such aims at the satisfaction of some need, the removal of some uneasiness, the heading off of some future uneasiness or the betterment of one’s self in the future. (HA, Ch. I, Sec. 2) Thus, for Mises, happiness is success in achieving one’s goals. It does not matter whether the end is egotistic or altruistic, materialistic or idealistic, so long as it is an end. To paraphrase Aristotle, all life is action and all action is to some end.⁴ Mises maintains that in praxeology one should not speak of rational or irrational actions, for this implies a value judgment; from the viewpoint of praxeology all actions are rational. Rather, actions are either appropriate to the ends sought and thus efficient, or they are inappropriate to the ends sought and thus inefficient.

Mises also distinguishes between causality and teleology. (HA, Ch. I, Sec. 6) Though suspicious of all metaphysical systems, Mises finds it necessary to accept what he calls “methodological dualism.” He says that “Reason and experience show us two separate realms: the external world of physical, chemical, and physiological phenomena and the internal world of thought, feeling, valuation, and purposeful action.” (HA, 18) The former realm can only be understood in terms of causality; the latter only in terms of teleology. One cannot think otherwise than that all things are understood either in terms of the one or the other. It is important to understand that Mises does not mean teleology here to imply that any given end is better than another but rather that actions must be explained in terms of ends.

*Causality
versus
teleology.*

How does one discover these praxeological principles?. Mises considers these principles to be formal and *a priori*, to be deduced as one would deduce a principle of mathematics. (HA, Ch. II) If a man acts, according to Mises, he acts of necessity in accordance with praxeological principles. Therefore he need only look at himself *qua* acting man to deduce the principles. Reason will suffice to reveal them. No special experience is necessary. Mises notes significantly that “The real thing which is the subject matter of praxeology, hu-

*All action is
economic.*

⁴ Aristotle, *Nicomachean Ethics*, Bk. I, Ch. 1.

man action, stems from the same source as human reasoning. Action and reason are congeneric and homogeneous; they may even be called two different aspects of the same thing. . . . There is no action in which praxeological categories do not appear fully and perfectly." (HA, 39-40) Thus Mises establishes an economic imperative for all human action.

The Categories of Praxeology. Mises goes on to establish specific categories of praxeology. The primary categories are means and ends (HA., Ch. IV, Sec. 1); as was suggested earlier, all actions aim at some end and praxeology seeks to discover the principles governing all means. Next is the scale of value. (HA, Ch. IV, Sec. 2) Such a scale is established by the actions of each individual as he acts to satisfy certain needs and thereby leaves other lesser needs unsatisfied. The concept of need, from the viewpoint of praxeology, is also a matter of subjective choice. It does not require recognition of innate needs in man. Mises does note that most men seek first to insure their own survival, for example, by satisfying their hunger, but men can forgo food and even risk their lives for those things that they value very highly. Finally, all action is an exchange of some kind. (HA, Ch. IV, Sec. 4) When one acts, one invests time and effort in an attempt to gain greater value. One trades present freedom, leisure and time for some future state of affairs that one hopes to be more satisfying; that is to say, one always seeks to make a profit.

Mises contends that human society is found when each individual acts to satisfy his own specific personal needs through cooperation with other individuals who are acting likewise to satisfy their personal needs. (HA, Ch. VIII) Even more than Locke, Mises emphasizes the economic imperative; society, in his view, is the alliance of purposeful men aiming at the most efficient satisfaction of needs.

The great principle at the foundation of society is division of labor. Mises tells us that friendship and social feelings "are the source of man's most delightful and most sublime experiences. They are the most precious adornment of life; they lift the animal species man to the heights of a really human existence." (HA, 144) Yet these feelings do not ultimately maintain society. If not for the division of labor, "men would have forever remained deadly foes of one another, irreconcilable rivals in their endeavors to secure a portion of the scarce supply of means of sustenance provided by nature. Each man would have been forced to view all other men as his enemies."

Thus, “We may call consciousness of kind, sense of community, or sense of belonging together the acknowledgment of the fact that all other human beings are potential collaborators in the struggle for survival because they are capable of recognizing the mutual benefits of cooperation.” (HA, 144) In short, for Mises, social feeling merely arises from the recognition that one’s fellow man might be a future source of utility.

Finally, Mises sees classical liberalism as politically appropriate for society as he conceives it. “Liberalism, in its nineteenth century sense, is a political doctrine. It is not a theory, but an application of the theories developed by praxeology and especially by economics to definite problems of human action within society.” (HA, 153-54) At this point Mises admits that “As a political doctrine liberalism is not neutral with regard to values and the ultimate ends sought by action. It assumes that all men or at least the majority of people are intent upon attaining certain goals.” Specifically, “It presupposes that people prefer life to death, health to sickness, nourishment to starvation, abundance to poverty. It teaches man how to act in accordance with these valuations.” (HA, 154) Clarifying his seeming departure from value relativism, Mises says that liberals do not insist that men *ought* to pursue these goals but simply teach that if they choose such pursuits, praxeology demands that for the sake of efficiency they adopt certain political, economic and social arrangements.

The Need to Seek an Ethical Imperative

Mises’ praxeology is an attempt to identify an economic imperative that applies to all men. By imperative is meant a principle that orders man’s actions in certain ways. A man is free to act contrary to this imperative. But in such a case he will never succeed. Thus his choice consists of ignoring the economic imperative and failing in his actions or of submitting to it and thereby giving himself the best chance of success. Mises holds that the economic imperative is value neutral and applies to pursuits of any kind. But in Mises’ own discussion, one discovers grounds for asking whether there is not in human action an ethical imperative as well.

*Imperative
as principle
of order.*

Mises is greatly concerned with avoiding the errors of the past that arose from what he variously refers to as universalism, collectivism, theology, metaphysics and holistic conceptions of man, society and the universe. (HA, Ch. III) He believes that abstract and

simplistic conceptions of how man ought to behave—whether called Providence, God, *Weltgeist*, material dialectic or General Will—inevitably engender the desire forcibly to alter men and society in light of these conceptions.

But while Mises finds no rational ground for ethical universals, postulation of an economic universal is precisely the task of praxeology. Mises does not reject the search for ethical universals but, rather, rejects any attempt that is not continually submitted to rigorous critical examination. (HA, 68) Since he claims that praxeological principles are known *a priori* and deductively, Mises rejects the positivist notion that there can only be knowledge from empirical observation. (HA, Ch. II, Sec. 2) If we seek the ethical imperative by assuming it to be known *a priori* and by looking within man himself to find it, we would be proceeding in accordance with Mises' approach.

*Direct
awareness of
human nature.*

The phenomenon that Mises first attends to in his praxeology is the purposeful nature of human action. All men act consciously and freely to attain the goals they desire. This conception of man *qua* purposeful agent is not derived merely from observing the actions of other men. Such observations would suggest nothing more than mechanistic causation or perhaps instinctive and conditioned animal behavior, as it does to behaviorists such as B. F. Skinner. Awareness that human action must be explained in terms of teleology rather than causality comes from each man's direct awareness of his own nature as a free actor.⁵ This is why we view other men not as "things" but as alter egos. (HA, Ch. I, Sec. 6) On this basis Mises recognizes a universal methodological dualism, that is, the apprehension that there are two separate realms ruled by separate laws. The physical realm is ruled by causality and the human realm by teleology, or, at the very least, a kind of causality that is qualitatively different from that operating in the physical realm.

Mises observes the phenomenon of purposeful behavior and then asks one specific question, from one specific perspective, about

⁵ Irving Babbitt, the twentieth-century New Humanist thinker, criticized positivists for not being "complete positivists," in that they would not attend to the full range of human experience. He pointed out that they systematically ignored the distinction between what he called, quoting Emerson, "the law for man and the law for thing"—that is, the distinction between what orders distinctively human life and external, "physical" nature. See Babbitt's *Rousseau and Romanticism* (New Brunswick, N.J.: Transaction Books, 1991), lxx-lxxi.

that phenomenon: What are the principles that govern the efficiency of the means of human action? How might purposeful behavior most economically achieve its end? But this question is by no means the only legitimate question that one might ask about the phenomenon. Mises gives no reason why we cannot ask the further question of whether there is also a supra-economic end or purpose, an ethical imperative by which all men are governed and to which they ought to submit. Are there principles governing the means of free, purposeful action but not the ends? Although Mises is correct to caution against the abuses of the past, there seems to be no reason why one cannot seek the principles governing the ends of man's actions.

The need for an inquiry into the ethical imperative goes beyond the mere curiosity of philosophers. If there is an ethical imperative, one might justly expect it to have important implications for the economic imperative. For example, one might expect that the pursuit of ends contrary to the ethical imperative would never lead to the deepest type of satisfaction. The man pursuing such ends might follow the law of praxeology to the letter and yet fail to be satisfied at bottom in spite of passing pleasure. Such a failure could not be explained by reference to the economic imperative. Or one might observe a man acting for one end and then for another, never fully satisfied with any, always moving on to yet another. All praxeology could say would be that the man at one point chooses one goal and at another point another and that such choice is subjective and freely willed by the agent and subject to no further explanation. The power of praxeology to explain human action seems to fail at this point. But the concept of an ethical imperative would suggest that the restlessness of such a man and the continual lack of deeper satisfaction are due not to his failure to adopt the proper means but rather to his failure to adopt the proper ends. Indeed, it might be suggested that the means-ends distinction is in whole or part artificial and that consideration of one is necessarily consideration of the other.

*Economic
imperative
insufficient.*

Mises' Judgment of His Own Enterprise

Though Mises claims that the pursuit of any goal is proper from the perspective of praxeology, he himself does not adopt just any goal, but one that he deems worthy of his time and effort. In this way Mises himself makes a value judgment. One might simply as-

sume about this choice of a goal that, as Mises says, all action aims at some end and that so long as he, Mises, acts, he too will adopt some subjective end and make a personal value judgment. This end, of course, is ultimately no better than any other, since there is no absolute standard of value. But if one examines Mises' own value judgment, something beyond mere economy is found to be implied.

The most significant value judgment that Mises makes concerns the nature of his own enterprise. He writes:

... changes brought about by human action are but trifling when compared with the effects of the operation of the great cosmic forces. From the point of view of eternity and the infinite universe man is an infinitesimal speck. But for man human action and its vicissitudes are the real thing. Action is the essence of his nature and existence, his means of preserving his life and raising himself above the level of animals and plants. However perishable and evanescent all human efforts may be, for man and for human science they are of primary importance. (HA, 18-19)

If we view Mises' statement from the perspective of praxeology, we conclude that this man, Ludwig von Mises, places primary emphasis on preserving his life and "raising himself above the level of animals and plants." To this end he develops a science of human action that will identify the best means to these ends.

At this point one is faced with the two sides of a hypothetical statement. "If one wishes to survive, then one's actions must conform to the economic imperative." Mises himself admits that "To live is for man the outcome of a choice, of a judgment of value." (HA, 20) One might begin here to examine the implications of basing the need for praxeology on such a value judgment. But it is more revealing to assume the acceptance of the "if" clause and ask whether acceptance of the "then" clause, that is, the economic imperative, necessitates the acceptance of a supra-economic or ethical imperative as well.

It must first be recalled what is meant by an imperative. Man is governed by certain laws, principles, or universals that are inherent in his nature. He has no choice as to whether he is subject to them or not. To be man is to be of such a nature. His only choice is either to submit himself to their demands and give himself the best chance for success and true satisfaction in life, or to attempt to evade such imperatives, to attempt to reject his own nature, and thus assure his ultimate failure and misery. For example, one recognizes in man what might be termed a biological imperative. If man wishes to sur-

*Laws
inherent
in man's
nature.*

vive, he must have nourishment, rest, and so on. This imperative is found in man *qua* animal and his choice consists of either conforming to these laws and thus surviving in a healthy state, or ignoring them and being unhealthy and perhaps even dying as a result. Mises recognizes an economic imperative in man, an imperative found in man not *qua* animal but *qua* autonomous acting being. But if one examines closely this imperative one discovers something that is coextensive with it but that is in fact a supra-economic or ethical imperative.

As we have seen, Mises maintains that the economic imperative stems “from the same source as human reason” and that “action and reason are congeneric and homogeneous; they may be called two different aspects of the same thing.” Concerning our knowledge of praxeological principles we are told the following: “That reason has the power to make clear through pure ratiocination the essential features of action is a consequence of the fact that action is an offshoot of reason.” (HA, 39) We also find that “as far as man is able to attain any knowledge . . . he can use only one avenue of approach, that opened by reason” and that man seeks truth as far as “reason makes it accessible to him.” (HA, 68) Thus we can say that reason is the tool that discovers those principles that, if applied, will allow one to act in the most efficient manner in pursuit of any given end. Further, Mises tells us that “It is a fact that human reason is not infallible and that man very often errs in selecting and applying means.” (HA, 20) Here we have a clear indication that reason is also the tool that allows us to *apply* praxeological principles in any given situation.

The Value of Reason. Mises tells us that according to praxeology all ends are by definition rational. Therefore rather than designating particular means as “rational” or “irrational” it is more accurate to say that the means are either “efficient” or “inefficient” in light of the ends. But given the importance of reason, would it not be correct to say that for the sake of efficiency all of one’s actions ought to be subject to rational analysis? And would this not necessitate, for example, never giving in to the whim of the moment without first subjecting such whims to the scrutiny of reason? Would this not mean curbing one’s appetites as a matter of course? Would it not require temperance? The man who overindulges in alcohol is hardly in fit condition to judge whether he is maximizing his scale of values. Would the rule of reason not necessitate avoiding fits of tem-

per? Surely one cannot judge efficiency and inefficiency while in a rage. Indeed, would Mises not be forced to accept much of, say, Aristotle's ethics purely on the grounds of efficiency?

But surely this is a strange and awkward way of speaking. For it seems that we are not merely adopting the means that are necessary for the efficient pursuit of some given end but rather choosing the ends themselves (e.g., checking the whims of the moment) and necessarily excluding others (e.g., indulgence). This suggests that the pursuit and attainment of certain ends would at best bring a transient kind of satisfaction since they would tend to be attained at the expense of other goals in a manner less than efficient for the long run. We seem to be dealing with something that is consistent with an economic imperative but that goes beyond it.

Economic vs. Ethical Error

Mises himself is not entirely clear concerning the relation between praxeology and emotions. We are told that

He who acts under an emotional impulse also acts. What distinguishes an emotional action from other actions is the valuation of input and output. Emotions disarrange valuations. Inflamed with passion, man sees the goal as more desirable and the price he has to pay for it as less burdensome than he would in cool deliberation. (HA, 16)

From this statement one might well conclude that for the sake of maximizing one's set of values one must curb one's appetites and act only after cool deliberation. To do otherwise would be to risk getting a false impression of what are truly one's values and thus risk acting inefficiently. But this would mean that one could not adopt certain ends (e.g., immediate indulgence of whims) and remain consistent with the economic imperative. Therefore we are not simply prescribing the means, the economic imperative, but are also prescribing the ends, that is, dealing with a supra-economic or ethical imperative, although it is perhaps "from the same source as human reasoning" and "congeneric and homogeneous" with the economic imperative.

There is an interpretation of the facts that have made us look beyond an economic imperative that Mises might use to avoid prescribing ends. Since the praxeologist maintains that all ends are equally rational, it might be suggested that one need not look at a scale of values over time but only at the values one seeks to maxi-

mize at any given moment in time. In such a case giving in to the whim of the moment might be rational since past and future scales of values need not be of concern. Indeed Mises tells us that judgments differ not only from person to person but also “for the same people at various times.” (HA, 14) Further, we are told that the individual’s

scale of values or wants manifests itself only in the reality of action. These scales have no independent existence apart from the actual behavior of individuals. The only source from which our knowledge concerning these scales is derived is the observation of a man’s actions. Every action is always in perfect agreement with the scale of values or wants because these scales are nothing but an instrument for the interpretation of a man’s acting. (HA, 95)

But if this is the case, what can the praxeologist tell us about the man who gives in to the whim of the moment? Could we ever speak of efficiency and inefficiency in such a case if what a man does at a given moment is by definition the reflection of his scale of values and therefore by definition exactly what he desires? For that matter, how could any action be called “inefficient” if the end is defined in such a manner? Such a definition of scale of values and ends seems to destroy the concepts of “efficiency” and “inefficiency” and with them praxeology. It is only when one steps back and asks, “Is giving in to the whim of the moment what I truly desire or are there other values that I wish to maximize as well?,” that one can speak of actions as efficient or inefficient.

Therefore one is left with the previous conclusion, that to accept the principles of praxeology is to prescribe certain ends and prohibit others, that is, to accept a supra-economic, or ethical, imperative. At the very least, this ethical imperative commands one to check the whims of the moment in order to subject them to a rational examination of some sort.

*Ethical
imperative
commands
inner
restraint.*

When dealing with the economic imperative one is necessarily dealing with an ethical imperative. It was correct to suggest that the means-ends distinction is in some way artificial. Though the two are separated for analytical purposes, they are in fact essentially connected. To adopt survival as an end necessitates adoption of an economic imperative. To adopt an economic imperative necessitates adoption of an ethical imperative. To survive means for man to survive in accordance with his nature. To do otherwise would be to work against man’s existence. Therefore to speak of man’s existence

is to speak of an economic *and* an ethical imperative. To adopt life as one's goal is to adopt life in accordance with man's nature. While this discussion has only scratched the surface of the ethical imperative, it has shown that such an imperative exists and cannot be ignored by praxeology.

Croce's Precedent. This finding—that, starting from the recognition that every action has an economic aspect, an ethical aspect can be recognized as well—is not without precedent. Israel Kirzner, a student of Mises and one of today's leading Austrian economists, points out, "Happily, similar ideas [about human action] were being formulated at about the same time by the celebrated Italian philosopher Benedetto Croce."⁶ In an ongoing polemic with economist Vilfredo Pareto, Croce (1866-1952) maintained that economics is unlike a physical science. Wrote Croce, sounding like Mises, "This non-mechanical datum, which is an economic datum, is *choice* But to choose means to choose consciously."⁷ Further, Mises propounds a methodological dualism whereby understanding human action is in terms of teleology while understanding the rest of existence is in terms of causality. Croce, working independently of the Austrians, maintained that ". . . it is sufficient to appeal to internal observation. This shows us the fundamental distinction between the mechanical and the teleological."⁸

*Every action
has ethical
aspect.*

But Croce offers the more complete analysis of human action, recognizing in each and every action an ethical aspect that is not simply a subjective evaluation.⁹ When addressing the problem of self-contradiction, the problem of the man who acts efficiently but still finds himself dissatisfied with life, Croce looks to the ethical aspect of the will for the explanation.

We now can come back full circle to our original hypothetical statement. We have seen that praxeology assumes an initial value judgment: men seek survival, which necessitates acceptance of an economic imperative. But could not a critic object that "Yes, granted, if I seek survival I must seek it *qua* man and thus accept an economic

⁶ Israel Kirzner, *The Economic Point of View* (Kansas City: Sheed and Ward, 1976), 155.

⁷ Benedetto Croce, "On the Economic Principles," *International Economic Papers*, No. 3 (New York and London: Macmillan, 1953), 173.

⁸ *Ibid.*

⁹ See Benedetto Croce, *Philosophy of the Practical*, trans. Douglas Ainslie (New York: Biblo and Tannen, 1969). The reader is warned of occasional inaccuracies in this translation.

and even an ethical imperative. But I can easily reject these imperatives by rejecting survival as a goal. Since the choice of life is simply a subjective value judgment like all others, there is *no reason* why I cannot reject the premise of the hypothetical statement and with it the imperative." Indeed, the value relativists argue just this.¹⁰

Mises addresses this issue after a fashion. He observes that

Some philosophies advise men to seek as the ultimate end of conduct the complete renunciation of any action. They look upon life as an absolute evil full of pain, suffering, and anguish, and apodictically deny that any purposeful human effort can render it tolerable. Happiness can be attained only by complete extinction of consciousness, volition, and life. The only way toward bliss and salvation is to become perfectly passive, indifferent, and inert like the plants. The sovereign good is the abandonment of thinking and acting. (HA, 29)

Mises goes on to maintain that praxeology "is neutral with regard to all judgments of value and the choice of ultimate ends." And since the subject matter of praxeology is human action, "It deals with acting man, not with man transformed into a plant and reduced to a merely vegetative existence." (HA, 29) Thus Mises seems to agree with the value relativists and avoids making an ultimate value judgment.

But can a person really reject the goal of survival with just as much reason as those who accept it? It seems not. For if one accepts reason as a standard by which to judge choices, he grants that he ought never to act arbitrarily but only in accordance with his standard. Thus if he were to say, "I choose to die because I will not live as a slave," he is appealing to a higher standard, not simply to mere biological survival but to life only on certain terms, life in accordance with man's nature, that is, life in accordance with the dictates of reason. If he arbitrarily and *for no reason* whatsoever chooses death, he is perhaps consistent, but he truly offers no argument against the existence of an ultimate standard of value. For argument is premised on an acceptance of reason, and he has rejected reason. Thus the arbitrary rejection of life as a standard of value is premised on the rejection of all standards, including reason. And though such

Reason implies the ethical.

¹⁰ See Arnold Brecht's discussion in *Political Theory: The Foundations of Twentieth Century Political Thought* (Princeton: Princeton University Press, 1959), Ch. III on "Theory of Value Relativism," 117-36. Brecht argues that all attempts at establishing an objective standard of value will end either in the arbitrary acceptance of a conditional, hypothetical statement or in an infinite regression.

a rejection would be truly senseless, it would offer no refutation of our argument to this point.

The Ethical Imperative and the Foundation of Human Society

Since we have discovered a supra-economic imperative lurking in the foundations of praxeology, it is only to be expected that such an imperative is lurking in the foundations of society as well. Mises sees society as based on the economic imperative. Specifically, he believes that men enter society for the economic advantages that result from division of labor. But at this point one might ask why Mises finds government necessary. Why, the anarchist might ask, does society need a government, that is, an institution with a monopoly on the legitimate use of force? Would not all men see the benefits that accrue from cooperation and division of labor, and therefore never wish to perform anti-social acts which in the end would be harmful to themselves? Mises answers that this argument is not enough:

Of course, there will always be individuals and groups of individuals whose intellect is so narrow that they cannot grasp the benefits which social cooperation brings them. There are others whose moral strength and will power are so weak that they cannot resist the temptation to strive for an ephemeral advantage by actions detrimental to the smooth functioning of the social system. (HA, 148)

It is for this reason that Mises sees a need for government. The threat of force is necessary to deter those who are narrow in mind and weak in character, and to apprehend and punish those who are not deterred.

But in light of the actual relationship between means and ends, one needs to question the very premise of Mises' reasoning. Can it really be assumed that the good of the subjective, calculating agent is always found in cooperation with his fellow man to the extent that he would never want to break the laws of society for his own selfish ends? If a purely economic man can personally get away with breaking a law, and if such an action promises some kind of utility, why would he hesitate to do so? If society is based on mere utility, there seems to be no reason why he should not take advantage of every opportunity to maximize his profits, even if it means breaking the law.

Now one might argue that such a man would recognize that if all men behaved as he proposed, society would fall apart. But an eco-

conomic man, when faced with a situation in which he was nearly certain that he would not be caught, would have no reason to think this. For the particular act is but one small infraction. It is not as if others are inspired by his behavior to act similarly. Presumably, no one knows. But it might be suggested that it is easier for this man to obey the laws even when given the chance to break them and thereby to further maximize his profits. Since it is hard to be certain that one will not be caught, it might not be worth the expenditure of time and effort to seek the best loopholes. But this too is a utilitarian calculation subject to the particulars of the given situation.

And in a society of such men it is reasonable to suspect that some would try and succeed in “beating the system,” and that others would hear of such cases and therefore be on the lookout for opportunities for illicit gain. Even if economic men do not aggressively seek such opportunities, we might expect that the atmosphere of dishonesty, and the knowledge that many men are trying to cheat, with some succeeding, would surely lead to a spread of cheating, stealing and so forth, shortening the life of a society. Further, the prospect of this kind of collapse would not necessarily deter the individual. Since his life is limited in length, and since a social collapse would probably be a future event that could not be predicted with any great certainty, he would probably act for the more certain gain of the present or the not-too-distant future. In addition, since his actions alone could hardly prevent the collapse, it would go against the economic odds in such a case to gamble on the honesty of so many other economic men.

Thus nothing would stand in the way of utilitarian acts of dishonesty and lawbreaking. Indeed, Mises himself tells us that some men tend to be very weak-willed and prone to just such behavior. It might be suggested that aggressive policing, strict enforcement of the laws and harsh penalties would make it too great a risk to violate the law. But this is surely paradoxical. Would the libertarian, the advocate of minimal government, be forced to advocate extensive state supervision in order to keep the people honest? And if human history is any indication, we cannot always count on the enforcers to behave much better than those over whom they are watching or to remain uncorrupted in a corrupt society. If it is in his utilitarian self-interest, why should the policeman not take the bribe, especially knowing that everyone else, given the opportunity, would take one?

Imagine the economic man before the judge, convicted of break-

ing the laws of society for his own utility. What can the judge tell such a man? "You have done nothing immoral or unethical by any objective standard. There are no such standards. You have pursued your own subjective desires as you saw fit. That is the way of all men. However, in as much as your actions violated those subjective norms that those in power have managed to enact into laws, and, most important, since you were caught, you shall be punished. The Court hopes that this punishment will deter you and others in the future. We fully expect that in the future you will still break the law if you think you can get away with it and if it offers you enough utility. This is what all men can be expected to do."

And imagine the reply of the convicted man. "Yes, everything you say is true. I was caught. That I regret. My actions proved to be not the most efficient means of achieving my ends in this particular case. In the future I shall strive to be more clever and take greater care if I want to break the law. It is true that since you will be watching me closely in the future I will have less opportunity to gain utility from lawbreaking. Therefore I will probably restrict my actions to legal means. But if ever such a case does arise in which I can gain utility by breaking the law and not get caught, I will do what every man, including you, Your Honor, would do in such a situation. I shall break the law with no regret." And the judge could say nothing further.

Thus it seems that a society of purely economic men would not hold together very long. The lack of any imperative beyond a subjective utility would doom it. At this point it might be suggested that these examples are wholly unrealistic. Not all men pursue goals that would require breaking the law or behaving in an unethical manner. For many men it is of personal value to abide by the laws whether other men recognize this conduct as a virtue or not. For example, the judge might well pride himself on being objective, never showing partiality and never taking a bribe. By definition, it is of utility for him to abide by the laws. To break them would not give him satisfaction but rather a great sense of shame. It must be agreed that this is often the case. But this suggests not simply that society might have men like this judge but also that it *must* have such men if it is to be maintained. Obeying the laws cannot be viewed as merely subjectively preferable by citizens. This behavior must be viewed as imperative in an ethical, that is, in a non-subjective sense, i.e., not merely in the sense of advancing utility. It must be seen as reflecting

Economic imperative cannot sustain community.

an objective standard above mere subjective whims, commanding the obedience of all men.

But is it really necessary to consider this standard an ethical imperative and not a sophisticated form of utilitarian calculation? It is useful to consider the thought of the most famous utilitarian, John Stuart Mill. In his book *Utilitarianism* Mill faces the problem of holding together a society based on the principle of utility.¹¹ It seems to Mill that if everyone follows his calculations of utility to the extreme, society would collapse. Something is needed to hold it together beyond such simple calculations. Recognizing that preserving society is necessary for utility in a general sense, Mill believes this end will be accomplished if men are trained from childhood to value those things that preserve society and reject those things that do not. Men, according to Mill, act to avoid pain and to obtain pleasure. Thus, when the feelings of pleasure when serving society and pain when harming it are internalized, they act as barriers to social degeneration. Mill suggests that virtue need not simply be viewed as a means of achieving happiness but should also be incorporated by men as an end, as something that is practiced for its own sake and as something which, when practiced, brings happiness.¹² As we suggested earlier, the means constitute the ends.

Weakness of utilitarianism.

But does Mill succeed in preserving society without recourse to an ethical imperative? It seems not. What he does in fact is incorporate certain principles into the utilitarian calculus, principles that are necessary for the preservation of society but which do not in fact originate in an economic imperative. Those principles are not treated as merely subjective and utilitarian. Mill never demonstrates why the individual would not be justified in breaking the law if it would maximize his utility and if he could get away with it. Mill simply assumes that such a state of affairs is intolerable and seeks a way to avoid it. But this intolerable state arises to begin with when men who reject an objective ethical standard pursue subjective ends in accordance with Mill's principle of utility. Thus Mill cannot rely on mere utility to explain or maintain society. He must look to an ethical imperative to correct the shortcomings of his own philosophy.

In summary, a society cannot be based solely on an economic im-

¹¹ John Stuart Mill, *Utilitarianism* (New York: E.P. Dutton & Co., 1960), Ch. 3 "On the Ultimate Sanction of the Principles of Utility."

¹² *Ibid.*, Ch. 4 "Of What Sort of Proof the Principle of Utility is Susceptible."

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perative; an ethical one is required as well. Indeed, the two imperatives, one dealing with means, the other with ends, are not strictly separable. To deal with one is to deal with the other. The co-extensive nature of the two has led many, including Mises and Mill, to believe that they were considering only the one when in fact they were considering both. But, on careful examination, the ethical imperative, disguised within the utilitarian formula, is revealed for what it is.

This discovery has far-reaching implications for economic and political theory. It does not necessarily imply that government should proscribe a wide range of individual actions that do not involve the initiation of force against others. But at the very least the preservation of society requires that we heed not only an economic but an ethical imperative.