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For though we walk in the flesh, we do not war according to the flesh, for the weapons of our warfare [are] not fleshly but mighty in God for pulling down strongholds, casting down arguments and every high thing that exalts itself against the knowledge of God, bringing every thought into captivity to the obedience of Christ. And they will be ready to punish all disobedience, when your obedience is fulfilled.

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The Failure of Secular Economics

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Let me begin by saying that I do not intend to tell jokes about economists—at least not too many jokes—but I do intend to quote their own words to make my point that secular economics has failed. Their words will be far more devastating than any number of jokes. The problem is not so much the economists, as the jokes might lead us to believe, as it is the discipline of economics itself. As presently constituted, the discipline of economics is incapable of providing us with knowledge.

First, however, I ought to explain what I mean by “failure” when I talk about the “failure of secular economics.” I am using *failure* to mean epistemic or cognitive failure. Economics as a discipline, as a body of propositions, is supposed to explain—correctly—something about the world. It has failed to do so, not from want of trying, but from want of the correct assumptions and the correct methods.

I have high expectations of economics; I do not regard it as a science like physics or chemistry, which cannot furnish us truth, but as a discipline that, properly grounded and developed, may indeed furnish us with a considerable body of truth. If my expectations were lower, of course, it might not be necessary to speak of the failure of secular economics. After all, it has succeeded in several respects: It has kept hundreds of thousands of economists employed, for example, and it has, from time to time, made forecasts that seem to have been proven accurate. But it has not succeeded at providing us with truth. I shall attempt to illustrate the failure of secular economics by presenting a brief history of economic thought.

Aristotle

The greatest name in economics is, of course, Aristotle. He proposed four related ideas—the barrenness or infertility of money, the immorality of interest-taking, the objective nature of

value, and the notion of equality in exchange—that controlled economic thought for two millennia. To these errors, the medieval philosopher, Thomas Aquinas, added the notion of a just price, based on Aristotle's ideas. (These ideas are still with us; they appear, for example, in the forms of “comparable worth,” “living wage,” minimum wages laws, and usury laws.) Both Thomas and Aristotle were hostile to trading and merchants. Aristotle wrote:

“Of the two sorts of money-making one, as I have just said, is a part of household management, the other is retail trade: the former necessary and honorable, the latter a kind of exchange which is justly censured; for it is unnatural, and a mode by which men gain from one another. The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural use of it. For money was intended to be used in exchange, but not to increase in interest. And this term *usury*, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all modes of making money this [usury] is the most unnatural” (*Politics*).

Explaining his view that trade involves equality of exchange, Aristotle wrote:

“Now, proportionate requital is produced by cross-conjunction. Thus let A represent a builder, B a cobbler, C a house, and D a shoe. Then the builder ought to receive from the cobbler some part of his work, and to give him his own work in return. If then there is proportionate equality in the first instance and retaliation or reciprocity follows, the result of which we are speaking will be attained. Otherwise the exchange will not be equal or permanent. For there is no reason why the work of the one should not be superior to that of the other, and therefore they ought to be equalized.... It follows that such things as are the subjects of exchange must in some sense be comparable. This is the reason for the invention of money.

Money is a sort of medium or mean: for it measures everything and consequently measures among other things excess or defect, e.g. the number of shoes which are equivalent to a house or a meal.... Money therefore is like a measure that equates things, by making them commensurable; for association would be impossible without exchange, exchange without equality, and equality without commensurability” (*Nicomachean Ethics*).

Fifteen hundred years later Thomas Aquinas wrote:

“It is altogether sinful to have recourse to deceit in order to sell a thing for more than its just price, because this is to deceive one’s neighbor so as to injure him....

“Whatever is established for the common advantage should not be more of a burden to one party than to another, and consequently all contracts between them should observe equality of thing and thing.... Therefore, if either the price exceed the quantity of the thing’s worth, or, conversely, the thing exceed the price, there is no longer the equality of justice and consequently, to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful.

“A tradesman is one whose business consists in the exchange of things.... The former kind of exchange [that is, exchange from necessity rather than for profit] is commendable because it supplies a natural need: but the latter is justly deserving of blame [the latter is the trading of the tradesman] because considered in itself it satisfies the greed for gain, which knows no limit and tends to infinity. Hence trading, considered in itself, has a certain debasement attaching thereto, in so far as, by its very nature, it does not imply a virtuous or necessary end.

“To take usury for money lent is unjust in itself, because this is to sell what does not exist, and this evidently leads to any quality which is contrary to justice.... It is a sin against justice, to take money, by tacit or explicit agreement, in return for lending money or anything else that is consumed by being used, so also is it a like sin, by tacit or express agreement to receive anything whose price can be measured by money” (*Summa Theologiae*).

As we shall see in a few minutes, there is no reason for thinking that any of Aristotle’s economic ideas is true. Aristotle fails to answer satisfactorily the question, How do you know? in economics as in other disciplines. His general epistemology is a failure, and he puts forth no specific epistemology for his statements in economics.

Thomas Aquinas created a philosophical monster by attempting to combine Aristotle’s empiricism with Biblical revelation, but Thomas’ monster began to fall apart almost immediately, and the career of Western philosophy from his day to ours may be understood as the collapse of the attempted Thomistic synthesis of sensation and propositional revelation. In Biblical revelation, Thomas had the epistemology he needed, but he failed to realize it. Worse, he grounded even propositional revelation in sense experience. His economic ideas fail for the same reason as Aristotle’s: He cannot give a coherent account of them. Thomas’ failure, unfortunately, has not stopped many lesser minds from attempting to shock the Thomistic monster into life again; indeed much of what passes

for Christian

apologetics in the twentieth century is various versions of Thomism.

It was not until the Reformation that Aristotle’s economic ideas were effectively challenged. Luther did not challenge either the immorality of taking interest or the notion of objective value, but his contempt for Aristotle’s philosophy set the tone that allowed his younger contemporary John Calvin to do so. Luther’s great and unintended contribution to economic thought was his elevation of productive work to its proper sphere and his destruction of the notion that the activity of monks and nuns is somehow more pleasing to God than the productive work of farmers, merchants, fishermen, carpenters, blacksmiths, and tentmakers.

It was John Calvin who first challenged Aristotle’s dominance in economics by refusing to condemn the taking of interest as itself sinful. Calvin denied the Aristotelian doctrine of the barrenness of money. In the course of expounding the rights and wrongs of interest Calvin made the key distinction between lending for business purposes, taking interest on which is not sinful, and lending to the poor for their immediate consumption, taking interest on which is sinful. Calvin argued this distinction from Scripture, and owing nothing to “The Philosopher,” he was free to understand what the teaching of Scripture was, rather than trying to make it conform to Aristotle.

Although several Puritans, Richard Baxter and John Bunyan, for example, wrote about what might be called economic matters, they were more concerned with ethics than with economics, and they did not develop their thought in any systematic way. But the ground was laid for the development of economics as a distinct discipline by the Reformation. The first step was the rejection of the authority of Aristotle and the Roman Church-State. The path, first to an understanding of the market and then to economic individualism, was now clear.

I should point out here that economics, as a distinguishable discipline to be studied systematically, is a comparatively recent development. The clergyman Thomas Robert Malthus became England’s first professor of Political Economy in 1805. (Adam Smith had been Professor of Moral Philosophy at the University of Edinburgh when he published *An Inquiry into the Nature and Causes of the Wealth of Nations* in 1776.) The first professorship in Political Economy in the United States was held by Charles Dunbar of Harvard in 1871. The American Economic Association, founded by Richard T. Ely of The Johns Hopkins University, is little more than a century old. The nineteenth-century usage “Political Economy” became less and less acceptable; but political economists were not called economists, and their discipline was not called economics, until the twentieth century. Prior to the 1870s, American economists were self-taught, for virtually no university courses existed on the subject.

Empiricism in Economics

Early in the history of the discipline, even before Adam

Smith, who is usually regarded as the founder of economics, the question of method arose. The empirical-mathematical--the proto-positivist--school had an early proponent in the

seventeenth-century thinker William Petty:

“The method I take is not yet very usual; for instead of using only comparative and superlative Words, and intellectual arguments, I have taken the course (as a specimen of the Political Arithmetick I have long aimed at) to express myself in terms of *Number, Weight or Measure*, to use only Arguments of Sense, and to consider only such Causes, as have visible Foundations in Nature: leaving those that depend upon the mutable Mind, Opinion, Appetite, and Passion of particular men, to the Consideration of Others....”

Adam Smith rejected Petty’s mathematical method but not his empirical method, and for a hundred years after Smith, until the twentieth century, positivism was not the majority view among economists. Smith’s approach to economics was the one that Petty had rejected: intellectual arguments and the use of words. But both Smith and Petty relied on observation.

As far as the subject matter of economics, there have been many different views as to what economics is about. Adam Smith’s view was that economics is the science of wealth and welfare. Bernard Mandeville thought economics was the science of avarice. His book *The Fable of the Bees or Private Vices, Publick Benefits* argued that private vices, such as greed, are really public benefactors. The avarice of some, so contemptible as a character flaw, actually benefits the public. Mandeville wrote:

The root of Evil, Avarice,
That damn’d ill-natur’d, baneful Vice,
Was Slave to prodigality, that noble Sin;
Whilst Luxury employed a Million of the Poor,
And odious Pride a Million more:
Envy itself, and Vanity, were Ministers of Industry;
Their darling Folly, Fickleness, in Diet, Furniture,
and Dress
That strange ridic’lous vice, was made
That very Wheel that turned the Trade.

In *The Condition of the Working Class in England in 1844*, Karl Marx’s unindicted co-conspirator, Friedrich Engels, wrote:

“It is utterly indifferent to the English bourgeois whether his working-men starve or not, if only he makes money. All the conditions of life are measured by money, and what brings no money is non-sense, unpractical, idealistic bosh. Hence Political Economy, the science of Wealth, is the favourite study of these bartering Jews. Every one of them is a Political Economist.”

The Marxists, as this quotation illustrates, contemned capitalists, political economists, and Jews.

Nineteenth-century Anglican Archbishop Richard Whately defined economics as the science of exchange. For Karl Marx, economics was the science of human development. In the

twentieth century, Lionel Robbins defined economics as the science of economizing, and Ludwig von Mises thought economics is the science of human action. Not to be forgotten, the nineteenth-century historian Thomas Carlyle called

economics “pig science.” Carlyle also cracked, “Of all the quacks that ever quacked, political economists are the loudest.”

The most famous economists differed on the subject matter of economics and on its proper method as well. The late nineteenth-century British logician and economist, William Stanley Jevons, picking up where William Petty left off, wrote in *The Theory of Political Economy*: “It is clear that economics, if it is to be a science at all, must be a mathematical science....”

Jevons continued:

“In reality there is no such thing as an exact science, except in the comparative sense. Astronomy is more exact than other sciences, because the position of a planet or star admits of close measurement; but, if we examine the methods of physical astronomy, we find that they are all approximate. Every solution involves hypotheses which are not really true: as, for instance, that the earth is a smooth, homogeneous spheroid. Even the apparently simpler problems in statics or dynamics are only hypothetical approximations to the truth” (*The Theory of Political Economy*).

Jevons, one of the three leaders—along with the Swiss Leon Walras and the Austrian Carl Menger—of the marginalist revolution in economics in the 1870s, saw natural science, especially physics, as the model for economics. The proper method of economics, therefore, must be mathematics.

Even Carl Menger, who is credited with launching the rationalist Austrian school of economics in the 1870s, proposed that the same method be used in economics that was used in natural science. He wrote:

“It is in reality a method common to all fields of empirical knowledge, and should be properly be called the empirical method.

“The impartial observer can have no doubt about the reason our generation pays general and enthusiastic tribute to progress in the field of the natural sciences, while economic science receives little attention and its value is seriously questioned by the very men in society to whom it should provide a guide for practical action.... The cause of such remarkable indifference must not be sought elsewhere than in the present state of our science itself, in the sterility of all past endeavors to find its empirical foundations” (*Principles of Economics*).

Menger was not the consistent rationalist in economics that Ludwig von Mises later was.

Perhaps the most famous proponent of positivist economics in this century has been Milton Friedman. In his 1953 essay “The Methodology of Positive Economics,” Friedman wrote that the task of economics

“is to make correct predictions about the consequences of any

change in circumstances. Its performance is to be judged by the precision, scope, and conformity with experience of the predictions it yields. In short, positive economics is, or can be, an objective science, in precisely the same sense as any other physical [sic] sciences.

“The ultimate goal of a positive science is the development of a ‘theory’ or ‘hypothesis’ that yields valid and meaningful (*i.e.*, not truistic) predictions about phenomena not yet observed.

“Viewed as a body of substantive hypotheses, theory is to be judged by its predictive power for the class of phenomena which

it is intended to ‘explain.’ Only factual evidence can show whether it is ‘right’ or ‘wrong’ or, better, tentatively ‘accepted’ as valid or ‘rejected’.... The only relevant test of the validity of a hypothesis is comparison of its predictions with experience. The hypothesis is rejected if its predictions are contradicted (‘frequently’ or more often than predictions from an alternative hypothesis); it is accepted if its predictions are not contradicted; great confidence is attached to it if it has survived many opportunities for contradiction. Factual evidence can never ‘prove’ a hypothesis; its can only fail to disprove it, which is what we generally mean when we say, somewhat inexactly, that the hypothesis has been ‘confirmed’ by experience” (8-9).

Friedman realized the limitations of his method: He realized that it cannot provide truth, yet he persisted in using the method. The Biblical phrase “ever learning and never able to come to the knowledge of the truth” is nowhere more applicable than to the practitioners of modern science, both natural and economic.

In fact, the situation is even more desperate for empirical economics than Friedman explicitly tells us. He writes:

“The validity [by *validity* Friedman apparently means that the hypothesis “works”] of a hypothesis in this sense is not by itself a sufficient criterion for choosing among alternative hypotheses. Observed facts are necessarily finite in number; possible hypotheses, infinite. If there is one hypothesis that is consistent with available evidence, there are always an infinite number that are.”

If Friedman is correct in this statement, and he is, then the probability of his choosing the correct hypothesis out of an infinite number of possible hypotheses consistent with the evidence is zero. Therefore, all the principles of positive economics are false.

Ironically, those economists who think that economics ought to use the same methods as physics have led economics into the same epistemological dead-end as physics: Just as all the laws of physics are false, so all the laws of positivist economics are false as well. The invalidity of induction—and by *invalidity* I mean that the conclusion of an inductive argument is not required by its premises, that is, the conclusion is not a necessary inference from the premises—which many Christians are still defending as valid, has been widely recognized by secular philosophers since the time of David Hume, if not

before. In this century, Bertrand Russell and Karl Popper, to name two prominent non-Christian philosophers, have at least candidly admitted the invalidity of induction. Perhaps a few more quotations on the subject are in order, since many Christians in academia still don’t get it.

Karl Popper has written:

“I agree with Hume’s opinion that induction is invalid and in no sense justified.... Induction is invalid in every sense and therefore unjustifiable.”

“The empirical basis of objective science has thus nothing ‘absolute’ about it. Science does not rest upon solid bedrock. The bold structure of its theories rises, as it were, above a swamp.”

One of the most brilliant economists, whom I shall discuss in a moment under the heading of Rationalism, has written:

“The plight of empiricism consists precisely in its failure to explain satisfactorily how it is possible to infer from observed facts something concerning facts yet unobserved” (Mises, *The Ultimate Foundation of Economic Science*, 21).

Rationalism in Economics

Turning from any form of empiricism or induction as an epistemological dead-end, let us look at another method in economics, rationalism. There are many insuperable difficulties with any type of empiricism--whether it is the empirical-mathematical method of William Petty, the naive empiricism of Adam Smith, or the scientific positivism of the twentieth century--and some economists have dissented from the empiricist majority view. For example, the early nineteenth-century French economist Jean-Baptiste Say wrote in the introduction to *A Treatise on Political Economy*:

“[People] are too apt to suppose that absolute truth is confined to mathematics and to the results of careful observation and experiment in the physical sciences: imagining that the moral and political sciences contain no invariable facts of indisputable truth, and therefore cannot be considered as genuine sciences, but merely hypothetical systems....”

In the late nineteenth century, a new school of economics emerged in Austria, and rather than relying on experience, observation, measurement, and mathematical calculation, the Austrian School of economics founded by Carl Menger in the 1870s and developed most fully by Ludwig von Mises in the 1940s and 1950s made an attempt to make secular economics truthful. It did not succeed, but its attempt is instructive nonetheless.

Menger published his *Principles of Economics* in 1871 and his *Investigations into the Method of the Social Sciences with Special Reference to Economics* a dozen years later. In the Preface to his second book Menger wrote:

“Theoretical investigations in the field of political economy, particularly in Germany, have by no means progressed as yet to a true methodology of this science.”

His book launched the battle of methods (*Methodenstreit*) in Germany and Austria in the 1880s, for it was a sharp attack on the Historical School, an empiricist school, led by Gustav von Schmoller. Menger argued:

“The conflict of views about the nature of our science, its problems, and its limits, especially the effort to set new goals for research in the field of political economy, did not originally develop from the interest of economists in theoretical investigations. It begins with the recognition becoming more and more evident that the theory of economics as it left the hand of Adam Smith and his followers lacks any assured basis, that even its most elementary problems have found no solution, and that it is especially an insufficient basis for the practical sciences of national economy, and thus also of practice in this field.”

“The progress of our science at present is hindered by the sway of erroneous methodological principles.”

One of the principles of the Austrian School articulated but not consistently defended by Carl Menger was the rejection of empirical testability of economic hypotheses. Menger sarcastically wrote:

“To want to test the pure theory of economy by experience in its full reality is a process analogous to that of the mathematician who wants to correct the principles of geometry by measuring real objects.”

Mises would later argue that economic theories could not be tested by the “facts” nor could the premises be obtained from observation: “It is wrong to contend that ‘it is from observation that even deductive economics obtains its

ultimate premises.’ What we can ‘observe’ is always only complex phenomena” (74).

Building on a suggestion in Mises—an idea that is found spread across many pages in John Dewey and William James—the most famous Austrian economist and Nobel Prize winner, Friedrich Hayek, tried to develop an evolutionary epistemology in his final book, *The Fatal Conceit*. Mises had written, “The concepts of natural selection and evolution make it possible to develop a hypothesis about the emergence of the logical structure of the human mind and the a priori.” Of course they make it possible to develop a hypothesis, but they also guarantee that the hypothesis is false. To continue with Mises:

“Animals are driven by impulses and instincts. Natural selection eliminated those specimens and species which developed instincts that were a liability in the struggle for survival. Only those endowed with impulses serviceable to their

preservation survived and could propagate their species.

“We are not prevented from assuming that in the long way that led from the non-human ancestors of man to the emergence of the species *homo sapiens* some groups of advanced anthropoids experimented, as it were, with categorical concepts different from those of *homo sapiens* and tried to use them for the guidance of their conduct. But as such pseudo-categories were not adjusted to the conditions of reality, behavior directed by a quasi-reasoning based upon them was bound to fail and to spell disaster to those committed to it. Only those groups could survive whose members acted in accordance with the right categories, *i.e.*, with those that were in conformity with reality and therefore—to use the concept of pragmatism—worked” (14-15).

The notion that a concept, an idea, a hypothesis, or a proposition is justified because it “works,” is, of course, to commit the logical fallacy of asserting the consequent. All forms of pragmatism commit the fallacy. The evolutionary epistemology of Mises and Hayek, based on the work of James and Dewey, is as complete a failure as induction and empiricism. Nietzsche understood this quite well, and argued that what we carry about in our brains are simply the errors that have enabled us to survive.

To some extent, however, Mises was also a Kantian. He wrote:

“The human mind is not a *tabula rasa* on which the external events write their own history. It is equipped with a set of tools for grasping reality. Man acquired these tools, *i.e.*, the logical structure of his mind, in the course of his evolution from an amoeba to his present state. But these tools are logically prior to any experience (*Human Action*, 35).

“What we know is what the nature or structure of our senses and of our mind makes comprehensible to us. We see reality, not as it ‘is’ and may appear to a perfect being, but

only as the quality of our mind and of our senses enables us to see it. Radical empiricism and positivism do not want to admit this.... We must never forget that our representation of the reality of the universe is conditioned by the structure of our mind as well as of our senses. We cannot preclude the hypothesis that there are features of reality that are hidden to our mental faculties but could be noticed by beings equipped with a more efficient mind and certainly by a perfect being” (*Ultimate Foundation*, 18-19).

Despite the skeptical implications of this paragraph, Mises, however inconsistently, did not want to give up on the concept of truth. He attacked behaviorism as making the concept of truth impossible:

“If the emergence of every idea is dealt with as one deals with the emergence of all other natural events, it is no longer permissible to distinguish between true and false propositions.

Then the theorems of Descartes are neither better nor worse than the bungling of Peter, a dull candidate for a degree, in his examination paper. The material factors cannot err. They have produced in the man Descartes coordinate geometry and in the man Peter something that his teacher, not enlightened by the gospel of materialism, considers as nonsense. But what entitles this teacher to sit in judgment upon nature? Who are the materialist philosophers to condemn what the material factors have produced in the bodies of the 'idealistic' philosophers? (*Ultimate Foundation*, 29).

"Materialists think that their doctrine merely eliminates the distinction between what is morally good and morally bad. They fail to see that it no less wipes out any difference between what is true and what is untrue and thus deprives all mental acts of any meaning.... For a doctrine asserting that thoughts are in the same relation to the brain in which gall is to the liver, it is not more permissible to distinguish between true and non-true ideas than between true and untrue gall" (*Ultimate Foundation*, 30).

Mises' clear-sighted rejection of behaviorism and materialism left him nowhere to stand. He expressed a desire for truth, but he could not find it. On page 7 of his *magnum opus*, *Human Action*, Mises wrote:

"It is customary for many people to blame economics for being backward. Now it is quite obvious that our economic theory is not perfect. There is no such thing as perfection in human knowledge, nor for that matter in any other human achievement. Omniscience is denied to man. The most elaborate theory that seems to satisfy completely our thirst for knowledge may one day be amended or supplanted by a new theory. Science does not give us absolute and final certainty. It only gives us assurance within the limits of our mental abilities and the prevailing state of scientific thought. A scientific system is but one station in an endlessly

progressing search for knowledge. It is necessarily affected by the insufficiency inherent in every human effort."

Of course, if the search for knowledge is endlessly progressing, it is never arriving. Knowledge is never gained.

Furthermore, the dichotomy Mises presents us with is a false one, by which he hopes to carry the argument. The alternatives are not omniscience and ignorance, but ignorance and some knowledge, however little. Mises, because of the philosophical principles he adopts, can provide us with none.

Later in *Human Action* he wrote:

"The philosophical, epistemological, and metaphysical problems of causality and of imperfect induction are beyond the scope praxeology. We must simply establish the fact that in order to act, men must know the causal relationship between events, processes, or states of affairs. And only as far as he knows this relationship, can his action attain the ends sought. We are fully aware that in asserting this we are moving in a circle. For the evidence that we have correctly perceived a causal

relation is provided only by the fact that action guided by this knowledge results in the expected outcome..." (*Human Action*, 30).

Here the fallacy of asserting the consequent reappears with a vengeance. A few pages earlier Mises had rejected this form of argument when it was used in defense of mechanism:

"The champions of mechanicalism do not bother about the still unsolved problems of the logical and epistemological basis of the principles of causality and imperfect induction. In their eyes these principles are sound because they work. The fact that experiments in the laboratory bring about the results predicted by the theories and that machines in the factories run in the way predicted by technology proves, they say, the soundness of the methods and findings of modern science. Granted that science cannot give us truth—and who knows what truth really means?—at any rate it is certain that it works in leading us to success" (*Human Action*, 24).

Mises, however, saw some of his theory's limitations quite clearly:

"It may be admitted that it is impossible to provide conclusive evidence for the propositions that my logic is the logic of all other people and by all means absolutely the only human logic and that the categories of my action are the categories of all other people's action and by all means absolutely the categories of human action. However, the pragmatist must remember that these propositions work both in practice and in science, and the positivist must not overlook the fact that in addressing his fellow men he presupposes—tacitly and implicitly—the intersubjective validity of logic and thereby the reality of the realm of the alter-egos thought and action, of his immanent human character" (*Human Action*, 24).

Mises insisted that there was no legitimate way to appeal to experience, either scientific or historical, to establish truth:

"The natural sciences too deal with past events. Every experience is an experience of something passed away: There is no experience of future happenings. Every historical experience is open to various interpretations, and is in fact interpreted in different ways" (*Human Action*, 31).

Mises developed a rationalist basis for economics; in fact, economics—or as he sometimes called it, using a word that Archbishop Whately had coined, *catallactics*—was simply the best developed of all the human sciences, which he named praxeology. Mises wrote:

"Praxeology is a theoretical and systematic, not a historical, science. Its scope is human action as such, irrespective of all environmental, accidental, and individual circumstances of the

concrete acts. Its cognition is purely formal in general without reference to the material content and the particular features of the actual case. It aims at knowledge valid for all instances in which the conditions exactly correspond to those implied in its assumptions and inferences. Its statements and propositions are not derived from experience. They are, like those of logic and mathematics, *a priori*. They are not subject to verification or falsification on the ground of experience and facts. They are both logically and temporally antecedent to any comprehension of historical facts. They are a necessary requirement of any intellectual grasp of historical events (*Human Action*, 32).

“A prioristic reasoning is purely conceptual and deductive. It cannot produce anything else but tautologies and analytic judgments. All its implications are logically derived from the premises and were already contained in them” (*Human Action*, 38).

Mises’ followers have differed with each other in their epistemologies. Mises had started with a set of *a priori* axioms. Hayek, however, incorporated some empirical elements. Murray Rothbard attempted to give Austrian economics an Aristotelian foundation. Mario Rizzo and Gerald P. O’Driscoll have attempted to use Henri Bergson’s phenomenology as a basis for Austrian subjectivism. In our talk this afternoon I shall suggest another possibility.

Some economists have simply given up on questions of method. One of the most influential American economists of the twentieth century, Paul Samuelson, eschews discussions of method in economics as basically satanic, an oddly theological statement for a secularist:

“It is more correct, albeit not very informative, to say that soft sciences spend time in talking about method because Satan finds tasks for idle hands to do. Nature does abhor a vacuum and hot air fills up more space than cold. When libertines lose the power to shock us, they take up moral pontification to bore us.”

Perhaps Samuelson dimly realized that the emperor has no clothes, and therefore those who discussed the emperor’s wardrobe were unwittingly calling attention to his nakedness.

Other economists have sought to hide the confusion and vacuity of their theories in the dense underbrush of jargon and jumbled prose. John Kenneth Galbraith has written:

“Complexity and obscurity have professional value. They are the academic equivalents of apprenticeship rules in the building trades. They exclude the outsiders, keep down the competition, preserve the image of a privileged or priestly class. The man who makes things clear is a scab. He is criticized less for his clarity than for his treachery.

“Additionally, and especially in the social sciences, much unclear writing is based on unclear or incomplete thought. It is possible with safety to be technically obscure about something you haven’t thought out. It is impossible to be wholly clear on something you do not understand. Clarity thus exposes flaws in the thought. The person who undertakes to make difficult

matters clear is infringing on the sovereign right of numerous economists, sociologists, and political scientists to make bad writing the disguise for sloppy, imprecise, or incomplete thought. One can understand the resulting anger.”

However true Kenneth Galbraith’s analysis might be, our conclusion is far more radical. We find little to agree with in Gunnar Myrdal, the Swedish socialist who shared the Nobel Memorial Prize in Economics with Friedrich Hayek, but Myrdal was quite correct when he wrote:

“Every economist is painfully aware that there exists widespread doubt about the supposed ‘scientific’ character of economics. The distrust is, indeed, well founded. A branch of knowledge which works with a whole set of premises missing is hardly reliable.”

One recent discussion of economics and the philosophy of science denies that there is a general criterion of truth and ends in complete skepticism. The author nevertheless tries to sound optimistic: “Once we recognize that there is no final arbiter in the appraisal of theories, the concepts of ‘rationality,’ ‘objectivity,’ ‘science,’ and so on gain new meaning” (Redman, 167-168). It seems to me, however, that if there is no final arbiter in the appraisal of theories, those concepts become meaningless, as does all of economics. Secular economics, whether in its empirical, its rationalist, or its Kantian modes, fails to provide us with knowledge. The world is waiting for an economics that will.

This is the conclusion of a lecture delivered at the October 1999 Trinity Foundation Conference on Christianity and Economics.

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New Testament Greek for Beginners has been in print since 1923. However, in recent years its publisher has been selling it for about \$40 per copy. We now have available a trade paperback edition at \$10.95, and a hardback edition at \$16.95. Machen was Professor of New Testament at Princeton Theological Seminary until modernists were elected to its Board of Trustees in the late 1920s. He was a prolific writer and speaker. His collection of essays and lectures on education, ***Education, Christianity, and the State***, is available from The Foundation (\$9.95 plus shipping).

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