Workshop I

Adverse Allies

Logical Empiricism and Austrian Economics

FWF ESPRIT Research Project

“Adverse Allies:

Logical Empiricism and Austrian Economics”

Institute Vienna Circle

General Information, Registration

The FWF ESPRIT research project "Adverse Allies: Logical Empiricism and Austrian Economics", the Institute of Philosophy and Scientific Method (JKU Linz), the Institute Vienna Circle (University of Vienna), and the Vienna Circle Society host two workshops in 2025.

Workshop I at the University of Vienna: 12.02.-14.02.2025
Workshop II at JKU Linz: 23.09.-25.09.2025
Watch out for call for papers for workshop II in April/May 2025.

Registration / Online Participation: The event is free and open to the public, with advance registration via vcs@univie.ac.at by 05.02.2025 requested. Please indicate whether you want to attend in person or online, in which case the link for online participation will be provided. All presentations will be in person. Participation in discussions will be limited for online participants.

Logical empiricism and Austrian economics are arguably the two internationally most influential intellectual movements with Viennese roots. The Vienna Circle and the Austrian School have shaped the development of philosophical, scientific, and political debate in the 20th century. In the 21st century, logical empiricism has undergone extensive re-evaluation, while the Austrian School experiences another revival.

Yet, despite numerous connections and interactions between the two movements, their relationship has captured surprisingly sparse attention in the historical and philosophical literature. If an account is provided at all, logical empiricists and Austrian economists are portrayed as philosophically, scientifically, and politically antithetical groups. Among the most frequently mentioned contrastive pairs of catchwords are empiricism vs apriorism, formal methods vs verbal reasoning, and socialism vs classical liberalism.

Acknowledging the existence of disagreements between logical empiricism and the Austrian School, recent scholarship has challenged the received view of antithetical opposition by reconstructing hitherto neglected compatibilities and similarities between the two movements.

This workshop aims to advance historical as well as systematic discussions on the relationship between logical empiricism and Austrian economics. Contributions that fruitfully inform contemporary debates in philosophy, methodology, politics, or the sciences are particularly welcome.

Topics for talks in workshop I include but are not limited to:

· pros and cons of formal methods in the social sciences (index numbers, models, …)

· counterfactual reasoning and thought experiments (imaginary constructions, scientific utopianism, Robinsonades, …)

· the socialist calculation debates

· assessments of social welfare and universal basic income

· notions of rationality, irrationality, and pseudorationality

· justifications of praxeology

· explications of the fundamental axiom of praxeology

· the quest for certainty and fallibilism

· origins and methodology of game theory

· methodological reflections: rational reconstructions, …

The second workshop in Linz will focus on:

· *Karl Menger and Felix Kaufmann as mediators between LE and AE*

· *common influences: Frege, Husserl, Kant, Mach, Wittgenstein*

· *non-cognitivism, the fact/value distinction, and the ideal of value-neutrality*

· *the principle of tolerance and polylogism*

· *logical tolerance, methodological tolerance, political liberalism*

· *logicism and the logic of action*

· *naturalism vs antinaturalism, unity vs disunity of science, scientific pluralism and pseudorationality*

· *essentialism and its discontents (Menger, Wieser, Neurath, Popper, Rothbard,…)*

· *defenses of democracy in Viennese Late Enlightenment*

· *expertise, education, and democracy*

Scientific Committee: Alexander Linsbichler, Julian Reiss, Georg Schiemer, Friedrich Stadler

Contact: Alexander Linsbichler (alexander.linsbichler@jku.at)

Subject to Changes.

Program

Program Overview

Neues Institutsgebäude, 3rd Floor, Hörsaal 3D, Universitätsstraße 7, 1010 Wien

Day 1	Day 2	Day 3
	09:00 Unobservables	09:00 Formal Methods and Models I
10:00 Opening Remarks		
10:15 Meta-Methodology		
	10:30 Coffee Break	*10:30 Coffee Break*
11:00 Coffee Break	11:00 Value-Neutrality	11:00 Formal Methods and Models II
11:30 Rationalities and Calculation		
	12:30 Lunch Break	*12:30 Lunch Break*
13:00 Lunch Break		
	14:00 Fellow-Travelers	14:00 Convention and Induction
14:30 Institutions for Science and Society		
	15:30 Coffee Break	*15:30 Coffee Break*
16:00 Coffee Break	16:00 Plenum Discussion Adverse Allies: Logical Empiricism and Austrian	16:00 Praxeology
16:30 The Sciences and Pseudoscience		17:30 Closing Remarks
	17:45 End of Day 2	*17:45 End of Day 3*
18:00 End of Day 1		
	19:00 Workshop Dinner	

Day 1 - Wednesday, 12.02.2025

Neues Institutsgebäude, 3rd Floor, Hörsaal 3D, Universitätsstraße 7, 1010 Wien

10:00 – 10:15 Opening Remarks

Alexander Linsbichler

10:15 – 11:00 Meta-Methodology Chair: Julian Reiss

Sophie Veigl

Comparing Epistemic Systems – A De-Idealized Approach

11:00 – 11:30 Coffee Break

11:30 – 13:00 Rationalities and Calculation Chair: Friedrich Stadler

Elisabeth Nemeth

Ludwig von Mises versus Otto Neurath

Erwin Dekker & Andre Quintas

The Evolving Concept of Rationality in the Work of Ludwig von Mises

13:00 – 14:30 Lunch Break

14:30 – 16:00 Institutions for Science and Society Chair: Erwin Dekker

Lukas Starchl & Richard Sturn

Epistemology and Democracy: The Developments of Mises and Eucken

Silke Körber

“Scientific Attitudes” and their Value for Society: Neurath, Mises, Stebbing

16:00 – 16:30 Coffee Break

16:30 – 18:00 The Sciences and Pseudoscience Chair: Elisabeth Nemeth

Pierre Fasula

The Fragmentation of Knowledge

Adam Tamas Tuboly

Between Science and Fringe: Logical Positivism and Scientific Philosophy on Pseudoscience

Day 2 - Thursday, 13.02.2025

Neues Institutsgebäude, 3rd Floor, Hörsaal 3D, Universitätsstraße 7, 1010 Wien

09:00 – 10:30 Unobservables Chair: Adam Tamas Tuboly

Sajjad Shahrabi

Rationality, Market and “Observables”: Lessons from Hayek and van Fraassen

Adam Lovasz

Hayek’s Philosophy of Mind: An Irreductivist Account

10:30 – 11:00 Coffee Break

11:00 – 12:30 Value-Neutrality Chair: Igor Wysocki

Jakob Ortmann

Intersections of Spontaneous Order and Performativity

Milosz Slepowronski

Does Game Theory Reconstruct or Undermine Moral Norms?

12:30 – 14:00 Lunch Break

14:00 – 15:30 Fellow-Travelers Chair: Karl Milford

Zoltan Peto

Erik von Kuehnelt-Leddihn and Capitalism

Reinhard Neck

Karl Popper – Interlocutor or Killer of the Vienna Circle and the Austrian School of Economics

15:30 – 16:00 Coffee Break

16:00 – 17:45 Plenum Discussion Chair: Georg Schiemer

Adverse Allies: Logical Empiricism and Austrian Economics

Introduction: Alexander Linsbichler

19:00 - … Workshop Dinner

Hotel Regina, Rooseveltplatz 15, 1090 Wien

Day 3 - Friday, 14.02.2025

Neues Institutsgebäude, 3rd Floor, Hörsaal 3D, Universitätsstraße 7, 1010 Wien

09:00 – 10:30 Formal Methods and Models I Chair: Richard Sturn

Daniel Eckert

Formalizing the Social Sciences Vienna Style: Models of Society as Social Models

Edoardo Peruzzi & Catherine Herfeld

Grounding Formal Models in the Logic of Choice? Pushing Disciplinary Boundaries in the Early Years of Game Theory

10:30 – 11:00 Coffee Break

11:00 – 12:30 Formal Methods and Models II Chair: Daniel Eckert

Krzysztof Turowski

Hayek and his Models: A Lesson from the 1930s Capital Controversies

Johannes Amoser

Natural Classification in Microeconomics

12:30 – 14:00 Lunch Break

14:00 – 15:30 Convention and Induction Chair: Reinhard Neck

Karen Spisso

Reading the Theory of Maximizing Behavior as a Conventionalist Theory

Karl-Friedrich Israel

Verification, Falsification and the Constancy Principle

15:30 – 16:00 Coffee Break

16:00 – 17:30 Praxeology Chair: Karl-Friedrich Israel

Brian J. Gladish

Toward a Conceptual Framework for Biology and Economics: Biophilosophy and Praxeology

Igor Wysocki

Rethinking the Scarcity Theorem in Austrian Economics

17:30 – 17:45 Closing Remarks

Alexander Linsbichler

Abstracts

Natural Classification in Microeconomics

Johannes Amoser
Notre Dame

In this talk, I will argue that Duhem's (1954) approach that physical theory does not aim at metaphysical explanation but at representing experimentally established laws is also valuable for economics. Physical theory allows the grouping of phenomena in a non-arbitrary way. Microeconomics analogously allows for this 'natural classification' concerning prices.

This approach contributes to the debate on how to make sense of theoretical models in microeconomics. Models by their nature are idealized and thus 'unrealistic.' Economics is commonly criticized for heavily relying on these unrealistic models–also by Austrians from Menger to Boettke. If microeconomics establishes a natural classification the epistemic gain exceeds that of just an 'economy of thought.' Basing models on rational choice theory is not that important at all. The phenomenon of market behavior can be saved without relying on rational choice theory. It even allows for new kinds of explanation. The law of demand holds also under the random behavior of consumers. A potential explanation lies not in consumers' optimizing behavior but in scarcity–given a certain wealth level an increase in a commodity's price leads to a decrease in purchasing power only by geometrical reasons. Thus the law of demand is very likely to hold under many assumptions. The approach has implications reaching from debates about the (non-literal) interpretation of models over robustness analysis to comparative statics.

I argue thus that this approach has a lot of benefits and opens a new additional perspective on microeconomics. An intellectually modest account of microeconomic models is even a handout to Neo-Austrians being very critical of formalization in economics. It is one way of looking at market behavior but we must not overestimate what information the models contain–like in the socialist calculation debate. As always the approach has its costs. For instance, it does not allow for 'normative' claims in welfare economics. Since we do not care about individual behavior we cannot say that a partial equilibrium within perfect competition is the social optimum.

Reference:

Duhem, Pierre. 1954. The Aim and Structure of Physical Theory. Princeton, NJ: Princeton University Press.

The evolving concept of rationality in the work of Ludwig von Mises

Erwin Dekker & Andre Quintas
Mercatus Center at George Mason University / Department of Economics (George Mason University)

Ludwig von Mises is best known for the development of praxeology, and his axiomatic approach to human action and its rationality. This article argues that we can find a more institutional and contextual account of rationality in his early work including in his seminal article on the (im)possibility of economic calculation under socialism. Recent scholarship by Eduard Braun has analyzed the institutional origins of this argument among authors of the German Historical School. This article builds on that work to suggest that Mises relied on a notion of rationality that was understood as a contingent property of human action in particular institutional environments. We contextualize this view in light of the early stages of the socialist calculation debate to demonstrate that proposed solutions by for instance Otto Neurath and Karl Polanyi were based on a related understanding of rationality. We subsequently trace how Mises early formulation of rationality gradually transforms to the praxeological formulation that is now primarily remembered, and discuss how this later notion of rationality would impacts and even partially undermine Mises original formulation of the impossibility of economic calculation under socialism.

Formalizing of the Social Sciences Vienna Style: Models of Society as Social Models

Daniel Eckert
University of Graz

One of the greatest commonalities between Austrian economics and the strands of mathematical economics (as in particular game theory and soial choice theory) that would emerge from one of the many overlapping Viennese circles, Karl Menger's Mathematisches Kolloquium, certainly is the insistence on, if not the obsession with logic (viz. Hayek's definition of economics as the "logic of choice" in the spirit of Mises' "logical economist" as opposed to the merely mathematical one), another, complementary focus being, of course the foundation of economics in a theory of choice.

We show that it was the conjunction of such core principles of the Austrian School (as in particular an axiomatic approach as well as methodological individualism) and the advent of model theory that initiated the possibility to formalize problems in the social sciences by using sets of individuals as valuations, thus constructing what could be called in formal analogy to boolean-valued models "social models" of norms or preferences.

We discuss this approach at the example of Menger's formal ethics and Arrow's impossibility theorem and show that their restrictive, respectively negative results can be related to classical problems in philosophy and epistemology like the difficulty of imperfect community diagnosed by Nelson Goodman in Carnap's quasianalysis and Suszko's thesis on the "madness" of logical many-valuedness.

The Fragmentation of Knowledge

Pierre Fasula
University Paris 1 Pantheon-Sorbonne

One of the areas where the Vienna Circle and the Austrian school of economics meet and clash is that of social epistemology. As scientific progress moves towards an increasing wealth and, above all, diversity of knowledge, to what extent can the scientific community bring it together, despite everything, to offer a synoptic view? One knows the tensions within the Vienna Circle regarding the opposition between system and encyclopedia, Neurath in particular defending the second against the first. But little was said of the criticisms addressed by Friedrich Hayek against the synoptic illusion in Law, Legislation, and Liberty, in favor of a properly liberal conception of scientific progress.

In this talk, I will therefore begin by returning to the problem posed by the progress of knowledge, by taking a detour through what Robert Musil says about it in his novel The Man Without Qualities. Secondly, I will discuss the solutions provided respectively by Carnap (system), Neurath (encyclopedia) and Hayek (free growth of knowledge). I will particularly highlight the originality of this last solution and its consequences on the very concept of rationality. Namely: its reliance on what Hayek calls our “cognitive heritage” and, paradoxically, the correlative development of ignorance. Finally, I will conclude with the link between these questions and one of the political ambitions of the Vienna Circle: in the words of Neurath, the “Utopia as a social engineer’s construction”.

Friedrich Hayek, Law, Legislation, and Liberty, chapitre 1 « Raison et évolution »
Robert Musil, The Man without Qualities, volume 1, §102
Otto Neurath, « Encyclopedia as Model », in Philosophical Papers
Otto Neurath, « Utopia as a social engineer’s construction », in Empiricism and Sociology

Toward a Conceptual Framework for Biology and Economics: Biophilosophy and Praxeology

Brian J. Gladish
independent

The intersection of biology and economics dates to the early 19th century, beginning with the infusion of economic ideas—such as the division of labor—into biological theory by Henri Milne-Edwards (1800-1885) and their further development in the works of Charles Darwin (1809-1882). Following Darwin, certain economists, including Alfred Marshall (1842-1924), who famously asserted that "the Mecca of the economist is biology," Carl Menger (1840-1921), and Thorstein Veblen (1857-1929), drew on evolutionary concepts to analyze economic institutions. This integration fostered the development of evolutionary economics, which continues to be a topic of active research today.

Despite these interactions, biology has not gained the potential insights it might by incorporating economic concepts and laws into its framework, possibly due to the influences of scientism or "physics envy" in both fields. There is even some skepticism about the applicability of the term "law" in biology. The philosophy of biology has focused predominantly on the status of Darwinian evolution within the philosophy of physical science rather than as a distinct field. Notably, Karl Popper (1902-1994) used the semantic device of the metaphysical research program to include Darwinian evolution in his scientific framework.

Although Ludwig von Mises (1881-1973) explored social evolution, he rejected grounding economics in either the physical sciences or biology, advocating instead for a philosophical foundation. However, Mises's axiom of human action, by using the word "human," implicitly incorporates all of biology, or at least human evolutionary history, into his theoretical framework. This axiom was subsequently generalized by Karl Popper, who applied it to all living organisms, suggesting an a priori biological basis for Mises's praxeology and economics. Although economics, which addresses human approaches to the struggle for existence, cannot be reduced to biology, economic concepts and laws exist in nascent or analogous forms in biology.

In this paper I identify a number of these biological antecedents of economic concepts and propose definitions for common concepts such as property and profit; common axioms such as action and subjective value; and common laws such as supply and demand. By tracing the evolutionary emergence of these economic concepts, I argue that all foundational economic ideas—except those rooted exclusively in indirect exchange—originate in biology in some form.

Verification, Falsification and the Constancy Principle

Karl-Friedrich Israel
Université Catholique de l'Ouest

It is widely acknowledged that many meaningful scientific propositions of cause-and-effect relationships cannot be verified with certainty. We can obtain only hypothetical or conjectural truths. Karl Popper's falsificationist approach to scientific inquiry is one response to this problem. It has been argued that falsificationist approaches overcome the fundamental problem of induction. In fact, it is sometimes even claimed that falsification is not inductive and does not rely on the validity of the constancy principle. Both these claims are false.

Falsification is inductive, whether we refer to the notion of statistical induction (also statistical inference) or the somewhat broader philosophical notion of inductive reasoning. Statistical induction/inference explicitly means "testing hypothesis" about some underlying probability distribution, i.e. in most cases it means that we expose a hypothesis to the risk of being falsified/rejected. In that sense it is wrong to say that falsification is not inductive. It is an essential part of statistical induction. This is true also for the broader philosophical notion of inductive reasoning. Inductive reasoning is a method by which generalizations are made from a particular set of observations. One possible type of generalization is the falsification of a hypothesis. Declaring hypothesis X to be false is just as much a truth claim and a generalization as declaring it to be true, be it contingently, probabilistically or universally true.

Falsificationist approaches (implicitly) require some assumptions of constancy. Declaring an empirical hypothesis to be false does in fact require an assumption of constancy in one important sense. Take the abstract hypothesis "if X then Y". We observe an instance of X without Y and conclude that the hypothesis is false. We thereby conclude that X (whatever it contains) is not sufficient to cause Y. There is something else we must add to X. Some elements of X might be irrelevant. But this can be true only insofar as there is some constancy in the relationship between causes and effects, because if there is not, then X might, for all we know, be sufficient to cause Y in the future. The whole enterprise of revising the components of X presupposes that there is something like a constant set X of sufficient causes of Y.

The necessity of some assumption of constancy, does not vanish if we take a probabilistic approach as suggested in the econometrics literature by Trygve Haavelmo. Probabilistic hypothesis testing, that is, formulating a null hypothesis that we hope to reject in order to show that the alternative hypothesis is statistically significant at a reasonable significance level, presupposes some probability distribution that is defined by a

mathematical density function and a finite set of parameters. For example, the normal distribution is defined by its respective mathematical density function, its mean and its standard deviation. Probabilistic hypothesis testing thus presupposes at least the constancy of the density function and its defining parameters. In other words, it assumes that there is a constant probabilistic relation between observable causes and effects. Probabilistic approaches might be an improvement over non-probabilistic approaches, but they do not overcome the fundamental problem emphasized by Austrian economists and their upholding of the constancy principle.

”Scientific attitudes” and their value for society: Neurath, Mises, Stebbing

Silke Körber
unaffiliated

During the first half of the 20th century, debates about the epistemic status and transfer of scientific knowledge as well as the demarcation between and the role of scientific disciplines - including the social sciences - played a crucial role in academia. This also included representatives of the Viennese late Enlightenment such as Otto Neurath, Ludwig von Mises or Friedrich von Hayek, as well as the British analytical philosopher Susan Stebbing. Even though they had different ideas of logical-analytical thinking, analysing and acting on an individual and societal level, they were united by their confidence in the benefits and integration of scientific knowledge for modern societies and future economies – esp. the formation of liberal democracies and a stable world order. The aim was to promote a ”scientific attitude” in dealing with current problems to support the development and options for action of citizens as social beings.

As recently shown in the case of von Mises and Neurath, they dealt with similar issues aimed at solving current scientific and social problems and shared a devotion to a ”cautionary” Viennese Late Enlightenment (Linsbichler 2021). Nevertheless, their ideas about the basis and justification of scientific knowledge and the consequences for individual as well as collective action differ significantly. This paper attempts to expand on this view introducing also Susan Stebbing and her collaboration with Neurath during his time in exile into this context: She was well known and acquainted with Mises and Hayek and has dealt with the different dimension of socio-economic concepts herself, e.g. in Man and Moral Principles, a speech delivered as a London School of Economics Hobhouse Memorial Lecture. In general they all seemed to share the view – albeit to varying degrees – that human action is subject to rational principles in those matters. This is particularly evident in the view of Mises and Stebbing, who described an ideal of ”scientific” thinking and/or acting as purposive or directed to an end, and consider individual (and collective) choice of suitable means for successful realisation. However, there are also clear differences, not only in terms of empirical basis, causality and the complex contextual and real-life situations that influence the overall usefulness to society. The relevance of making this transparent lies in the examination of the possibilities and limits of scientific explanations in times of social change - and also in further nuancing the debate on what role political ideals/utopias and ethical values can or should play in order to stabilise emancipatory democratic practice and support the general well-being.

Hayek's Philosophy of Mind: An Irreductivist Account

Adam Lovasz
NKE

In this presentation, I attempt to fill in the gaps in the scholarship by summarizing and presenting the views of economist and political philosopher F. A. Hayek on the philosophy of mind. I focus on The Sensory Order, published in 1952. Here, Hayek interprets the mind as a dynamic amalgam of the environment and body. Taking an explicitly culturalist and ecological point of view, Hayek talks about the sensory order as an evolved system of rules. He understands this complex level of organization as a self-organizing system that cannot be traced back to either the brain as an organ or the body considered in isolation. Our mind is culturally and environmentally constituted, but at the same time there is no such thing as direct perception: reality itself is inaccessible to the perceiver. We are doomed to ignorance, since our environment has a higher degree of complexity than we have. Hayek's social theory is grounded upon this epistemological insight, as the spontaneous order became the cornerstone of Hayek’s social theory later on. In other words, the philosophy of mind forms the hitherto little-explored basis of Hayek's better-known system of social philosophy and political philosophy. What the Hayekian theory of spontaneous order allows for is a constructivist way of bridging the gap between the social and natural realms. Later researchers such as psychologist Walter B. Weimer and social theorist Lewis Marsh, among others, have recognized The Sensory Order as one of Hayek’s pivotal works, using Hayek’s insights to argue for irreductivist philosophies of mind which take into account our ecological situatedness and the circumstance of bounded knowledge. In particular the Hayekian speculative psychology intersects well with contemporary theories of stigmergy, applied to both animal and human societies. By rereading this work, we may gain crucial insights into how the mind is both inherently ecological and social.

References

Marsh, Leslie. Hayek in Mind: Hayek’s Philosophical Psychology. Emerald, 2011.
Marsh, Leslie. "Hayek: Cognitive scientist avant la lettre." in: The Social Science of Hayek's ‘The Sensory Order’. Emerald, 2010. 115-155.
Weimer, Walter B. "Hayek's approach to the problems of complex phenomena: An introduction to the theoretical psychology of The sensory order." Cognition and the symbolic processes. Routledge, 1982. 241-286.

Weimer, Walter B. "Problems of a Causal Theory of Functional Behavior: What the Hayek-Popper Controversy Illustrates for the 21st Century--Part 1." Cosmos+ Taxis 9 (2021)

Karl Popper –
interlocutor or killer of the Vienna Circle and the Austrian School of Economics?

Reinhard Neck
Karl Popper Foundation Klagenfurt & University of Klagenfurt

In this paper, I investigate the position of Karl Popper's philosophy vis-à-vis both the Vienna Circle and the Austrian School of Economics. While Popper has claimed to have killed logical empiricism of the Vienna Circle but communicated with its proponents, especially Carnap, in a polite and even submissive manner, his relation to Hayek, the most prominent representative of the Vienna School of Economics, was characterized by gratitude and friendship, and he appreciated the methodology of (neoclassical and Austrian) economics as blueprint of his own methodology of the social sciences, especially his situational analysis. We argue that Popper's relation to both approaches was more ambiguous. His own philosophy of science and epistemology was rather different from and highly incompatible with that of Mises, the early Hayek, and most subsequent Austrian economists, and he even contributed to Hayek's later renunciation of Austrian praxeology and essentialism and adoption of (at least some) philosophical positions of Critical Rationalism. On the other hand, Popper's positions in philosophy did not only develop out of his disputes with the Vienna Circle but contained some key elements of its way of doing philosophy, especially the use of formal and clearly formulated arguments and their logical foundations. Hence Popper can be seen as both a critical but friendly discussant of the Vienna Circle's ideas but only a fellow-traveler of the Austrian economists. It can even be argued that those elements of Austrian Economics that seem to be outdated today are quite contrary to Popper's approach and introducing ideas of Critical Rationalism into Austrian Economics can help the latter gaining more scientific respectability among economists of different persuasion.

Ludwig von Mises versus Otto Neurath

Elisabeth Nemeth
University of Vienna

Otto Neurath was regularly referred to in the socialisation debates of the 1920s and 30s. This was not because his views were widely accepted - that was by no means the case. Rather, his view that a socialist planned economy must necessarily be conceived as an economy in kind was at one end of the scale of the social concepts under discussion and therefore acted as a negative reference point for the various proposed mixed forms of market and planning. At the same time, the project of replacing market and money with a planned management of production and consumption remained the conceptual core of every socialisation proposal. The socialisation debates therefore had to repeatedly refer to the idea of a planned economy in kind at key points - even if mostly via negationis. Both because of his in-kind view of social planning and because of his involvement in the Munich Soviet Republic, Neurath's position within the political and theoretical contrasts of the 1920s must be categorised as one on the left fringe.

The oppositional point of reference determined and structured the debate among socialist theorists from the outside, so to speak: Ludwig von Mises' criticism of the socialist planned economy (1920/21 and 1922) was meant to be scathing and was understood as such. The result of his investigation - that socialism necessarily abolished the rationality of economic activity, since the economic plan had no criterion whatsoever for assessing the economic efficiency of production processes - became a decisive challenge for socialisation theorists. They responded with a series of proposals designed to make the economic efficiency of economic plans calculable and thus save their rationality. In contrast, Neurath not only adhered to the conviction that the socialist planned economy could only be an economy in-kind; he also worked on criticising a concept of knowledge that excluded from its consideration what Neurath called the "natural essence of all achievements".

Within the spectrum of liberal market theories, Mises can be ascribed a position that is comparable - as a mirror image, so to speak - to that of Neurath in the theory of socialisation: he developed a pure market theory and argued with the greatest consistency for a free market order and against any political intervention in market structures. As the representative of uncompromisingly pure liberalism, Mises is at the other end of the scale in the debate about the possibility of economic planning.

I will try to show that a closer look at the Neurath - Mises dichotomy can still be instructive.

Intersections of Spontaneous Order and Performativity

Jakob Ortmann
Leibniz University of Hannover, Centre for Ethics and Law of the Life Sciences

While Logical Positivism eventually lost its momentum, it lasted long enough as the go-to philosophy of science for various influential economists to pick up on its core ideas and stick to them. It is still very common for economists to distinguish between “positive” and “normative” economics, and this distinction is implicit in much influential work of the last decades. This paints a neat picture of the role of economics in society: economics provides society with insights on what is the case, allowing political agents to deliberate on and reach outcomes that ought to be. On paper, economists thereby freed themselves from the dicey and paternalistic role of imposing their own value judgements on society and rather leave the determination of the moral good to governments or political discourse. The apparent loyalty of economists to positivism is stunning, given that next to other conceptual problems that have plagued Logical Positivism, the literature of values in science has challenged this so-called “value-free ideal” to its core. Against this background, this working paper has two aims.

First, I argue that continued adherence to the value-free ideal of mainstream economics is problematic at best, and potentially morally culpable. To that end, I highlight how the thesis of economics being “performative” introduces an underappreciated political dimension to value-laden economic advice. If true, ignorance towards this insight worsens the problem that “positive” economics initially sought to solve; i.e. scientists unjustly imposing their value judgements on society.

Second, I explore how one particular school of heterodox economics, Austrian economics, stands in tension with the above conclusion, but also offers novel insights. Tensions, because methodological individualism, introduced by Austrian economists, has sometimes been criticized as ideologically infused on grounds that could be reformulated in terms of performativity. Insights, because interesting parallels can be drawn from Hayek’s notion of “spontaneous order” to debates in performativity. First, they apply a social ontology of markets as continually moving targets (Hayek 1976) that is remarkably similar to how some scholars have later conceptualised performativity (e.g. Ian Hacking). Second, Hayek’s notion of spontaneous order could be applied to explain how performativity can contribute to stability. This would lead to a picture of performativity as a process driven by decentralised expectations of epistemic agents, sometimes giving rise to spontaneous order and sometimes to collapse of order.

Both with Viennese roots, Austrian economics are often portrayed as contrarian to Logical Positivism, as later adopted by “positive” mainstream economics. The present analysis paints a more nuanced picture. In light of performativity, Austrian economics suffers a similar criticism but at the same time offers underappreciated insights on performativity itself.

Grounding Formal Models in the Logic of Choice?
Pushing Disciplinary Boundaries in the Early Years of Game Theory

Edoardo Peruzzi & Catherine Herfeld
Leibniz University Hannover (both)

Pioneered by John von Neumann and Oskar Morgenstern in the Theory of Games and Economic Behavior (1944), the development of game theory represented a significant evolution in the history and methodology of the social sciences in at least two key ways. First, game theory aimed to provide a unified mathematical framework that transcended the disciplinary boundaries among the social sciences. As such, it promised to be a sort of "mathematics for the social sciences," bringing the methods of axiomatization and formal modeling into the study of individual behavior and society. Second, it introduced formal models portraying individuals as rational actors making decisions in strategic settings. This approach advanced a specific conception of rationality and facilitated the spread of rational choice models across the social sciences in the 20th century.

Our contribution examines the early development of game theory through both historical and methodological lenses. By analyzing the early adoption of game theory in the social sciences following the publication of Theory of Games, we aim to clarify how game theory became a flexible toolbox for applied modeling in these fields. Not only did game theory provide a common language for social scientists, but it also offered a set of formal templates that can be turned into domain-specific models, as discussed by Humphreys (2019).

Particular attention will be given to Oskar Morgenstern, who maintained a dual connection with both logical empiricism and the Austrian School. While Morgenstern was strongly influenced by the Austrian School's idea of the 'logic of choice,' his shift toward mathematics and formal methods ultimately distinguished him from Austrian scholars like Ludwig von Mises and Friedrich von Hayek (Leonard 2010). Additionally, in the early 1940s, Morgenstern joined the Unity of Science Institute founded by Otto Neurath, participating in discussions about the unity of science through cross-fertilization and the development of interdisciplinary fields, such as cybernetics, biophysics, and, of course, game theory (Hardcastle 2003). These two dimensions—his ties to the Austrian School's reflections on human rationality and the logical-empiricist project of scientific unity—will be examined in relation to the development of game theory as a formal toolbox for model construction in the social sciences.

References

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Erik von Kuehnelt-Leddihn and capitalism

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The Austrian Catholic, classical liberal political philosopher Erik von Kuehnelt-Leddihn was also a friend of Ludwig von Mises, Wilhelm Röpke and August von Hayek.

In a review of his most important work, Liberty or Equality. The challenge of our time, Hayek stresses that, although his theses are sometimes one-sided, he both draw attention to the importance of the validity of Kuehnelt-Leddihn's most important insights.[1] Kuehnelt-Leddihn's attention also extended to economics. In 1947 he joined The Mont Pelerin Society. He also occasionally referred to libertarianism as "true liberalism," but he was certainly far from a Rothbardian anarcho-capitalist position.

At the beginning of his career although, he was firmly opposed to capitalism. The ideas he expressed in his early work, The Menace of the Herd are reminiscent of the topos of bourgeois and 'anti-bourgeois', 'romantic anti-capitalism' that emerged in the first half of the 19th century. In this early work Kuehnelt-Leddihn even argued outrightly that socialism is nothing but state-capitalism, both are the weapon of 'Spenglerian' civilisation in the struggle against aristocratic culture, and the struggle between capitalism and socialism is nothing but simply a "struggle of factions."[2]

Kuehnelt-Leddihn later modified this position (mainly through his friendship with the Austrian economic philosophers Alexander Rüstow and Wilhelm Röpke), taking a clear stand for capitalism, but not abandoning his opposition to socialism. At this time, he also associated the 'anti-capitalist mentality' with envy, which he considered to be a defining element of modern left-wing political movements. He praised the Ordo-liberalism of Röpke and Rüstow, which attacked laissez-faire capitalism, but also accepted Hayek and Friedman's position on certain positive aspects of capitalism. He relegated "romantic anti-capitalism" to the world of desires and illusions and stressed that capitalism could indeed "deliver what it promised."

He associated anti-capitalism with resentment of "original sin" - that is, the resentment that one must work to maintain life - and, on the other hand, he stressed that "free enterprise alone can create an atmosphere compatible with the dignity of the free decision-maker." Abandoning capitalism, he stressed, would mean a return to a "medieval quality of life" that the majority of people would be reluctant to accept.

[1] Friedrich A. Hayek: Democracy in Europe, The Freeman: Ideas on Liberty, October (1952). 66.

[2] Erik von Kuehnelt-Leddihn ('Francis Stuart Campbell' The Menace of the Herd. Milwaukee, The Bruce Publishing Co., 1943, 134 and 157.

Rationality, Market and "Observables": Lessons from Hayek and Van Fraassen

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Austrian Economics is well-known for its commitment to the epistemic significance of Market, distinguishing spontaneous orders from made orders, and also a nuanced emphasis on the scientificity of Economics, through opposition to Logical Empiricism. However, it is arguable how all elements of this popular image are compatible with each other. If we recognize anarchism in the market why not accept that "anything goes" in economic methodology? Ironically, Austrian defenders of anarcho-capitalism, like Rothbard, who regarded State interventions in Market as irrational, strongly rejected anarchism in economic methodology through the emphasis on "a priori" axioms. On the other hand, the socialist defenders of "rational" interventions in Market, including logical empiricists, were pessimistic about the scientificity of classical liberal economic theories. Since, from their perspective, in free market economy there is no objective criterion to rationally evaluate opposing economic hypotheses. Whereas, Hayek's epistemology was a significant challenge for them to demonstrate how "rational" interventions in Market could be possible?

However, the antagonism between Austrian Economics and Logical Empiricism, regarding scientific methodology, has been remarkably revised (Linsbichler, 2022), but a fair reconciliation between their methodological approach demands recognizing Hayek's epistemology. According to Hayek, if the extent of economic methodology should not be as broad as Feyerabendian anarchism, it also cannot be as narrow as "Apriorism" or early logical positivism, since they both neglect the role of the laws that have not been deliberately made by human reason, in shaping human economic actions. (Hayek, 1973, p. 21)

In this presentation, by reconciling Hayek's evolutionary epistemology with Van Fraassen's new epistemology (Van Fraassen, 1989), I will delve into the question of what are "observables" in Economics and what relationships they have with Market. My main aim is to demonstrate that understanding Market as a "spontaneous order", which is not necessarily equal to "laissez-faire", enables reasonably disagreed economic theories to represent observable outcomes of Market, without any necessity to suppose their "trueness". In this way, the antagonism between the two Austrian movements would be satisfactorily minimal.

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Does game theory reconstruct or undermine moral norms?

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Game theory has been fruitfully applied to a project of rational reconstruction of moral norms. The past 30 years have seen it applied by many philosophers and economists to explore the origins of justice and the social contract, by formalizing and naturalizing these ideas (Alexander, 2007; Skyrms, 2014; Vanderschraaf, 2018). One of its main proponents, Ken Binmore (1994, 1998) can be viewed as advocating many of the goals of the logical empiricists, as he approaches the evolution of the egalitarian norms in a strongly antirealist, noncognitivist fashion, and he hopes to use it to promote his preferred political outcome of cautions egalitarianism. However, recent works by Hedoin and Harwick cast doubts on the practical usefulness of this approach as they show how it can undermine its own goals. Game theory can make moral norms vulnerable to moral skepticism, by showing how current wealth distributions are influenced by past bargains and showing that there is nothing special about them, leading to a purely behaviorist view of morality (Hedoin, 2018). To make matters worse for game theory, research inspired by Austrian economics shows that we cannot rely solely on incentive-compatible mechanisms to secure large-scale cooperation, and thus we may need to use superstition or a 'noble lie' (Leeson, 2015; Harwick, 2020).

In the paper, I focus on two problems and how both Austrian and logical empiricist perspectives shed light on them and, in doing so, on the relationship between them. Firstly, do game-theoretical models merely analyze, or do they also undermine the norms under scrutiny? I suggest that while they may well undermine them, this might be good or does not really need to be consequential. Second, the problem of whether a rational system of cooperation needs to be stable and free from self-deception can be reformulated by showing that it depends on a time frame under consideration. In conducting this analysis, I also assess how both the logical empiricist and the Austrian approaches relate to the contemporary game theoretical models, suggesting that, while game theory might look to be more compatible with the logical empiricist approach, it can also be fruitfully used in the Austrian framework.

Reading the Theory of Maximizing Behavior as a conventionalist theory

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Sharing methodological and epistemological concerns, the logical empiricists and the Austrian school of Economics had a broad impact on the methodology of the social sciences. For the early logical empiricist, scientific knowledge in the empirical sciences is knowledge that can be empirically verified. For the Austrian economists, scientific knowledge starts from the observation that men act, and a theory based on this observation if firmed under methodological individualism. In light of these positions, both strands had special attention to the logical status of statements that ought to form the empirical sciences, that is, whether they were analytical or synthetic statements. For both movements, the logical status of a sentence forming a theory is key in determining the epistemological status of this theory.

Coming from this idea, in this paper I show that the rationality principle and the methodological individualism as formulated in the Theory of Maximizing Behavior and proposed by Paul A. Samuelson (Samuelson 1947, “Foundations of Economic Analysis”) lays the basis for an operational-conventionalist theory. This understanding is drawn not only from the epistemological status of the rationality principle, but also from the author’s comments with respect to theory testing in the same book, i.e., an analysis of what constitute the basis of the truth decision in Samuelson.

My starting point to assess the models in the Theory of Maximizing Behavior, that is, the Theory of Consumer Behavior and the Theory of the Firm, is to reconstruct Samuelson’s formulations through Karl Popper’s idea of situational analysis (1994). Within this conceptual framework, I distinguish the parts of the theory into laws, typical initial conditions, and situational aim. These parts are extracted directly from the “Foundations of Economic Analysis”, and their formulation into sentences closely follows the original formulations. To develop the interpretation that this theory is an operational-conventionalist one, I show that the rationality principle is an analytical statement, true by definition. I then argue that the validity of this statement as a law is conventionally agreed on, and the models derived from this theory are technical constructs aiming at prediction, not at truth.

By reading Samuelson’s theory in light of its epistemological status I reinstate the claim that logical empiricism and the Austrian Economics’ methodological individualism shared profitable positions to the analysis of the social sciences much beyond the original limits of the debate.

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Epistemology and Democracy: The Developments of Mises and Eucken

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Both Ludwig von Mises and Walter Eucken were much concerned with the prerequisites of knowledge relevant in the sphere of economics, and the specific role of the scientific elaboration of such knowledge for guiding public policies, or more specifically, for determining the system of rules relevant for economic transaction.

While Mises subscribed to a form of Apriorism, Eucken relied on “eidetic reduction” à la Edmund Husserl envisaging the “things themselves” stripped of any circumstantial or accidental properties as the basis of crisis-proof knowledge (i.e., knowledge not susceptible to the relativism implied by “historicism” and “positivism”). Thus, both looked for knowledge providing safe ground and saw scientific economics as a crucial factor for coping with what they perceived as challenges and aporias of the modern civilization, becoming manifest inter alia in economic crises. We analyze parallels and differences in ensuing understandings of

- how to build scientific economic theories,
- the extent to which policy recommendations can be deduced from these scientific economic theories,
- views regarding the interface science-politics (the ways and levels of implementation of recommendations derived from such theories),
- views on the appropriate institutional structure for economic governance (federalism vs. centralism), and
- the role of mechanisms and practices of political systems, such as arguing, bargaining, and voting (“democracy”).

Between science and fringe:
Logical positivism and scientific philosophy on pseudoscience

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Whenever one dives into the history and philosophy of pseudoscience through the notion of demarcation, one easily and quickly ends up with Karl Popper and the logical positivists campaign against irrational metaphysics. The demarcation problem of identifying the hallmark of a serious and universal science-pseudoscience distinction began with demarcating science from metaphysical fraud and dilettantism. Although all knows that Popper and the Vienna Circle differed in their alleged deductivism and inductivism about scientific methodology, less is known about their different attitudes towards metaphysics in the context of science/pseudoscience, and even less is said about the Circle's attitude towards typical pseudoscientific activities like parapsychology and psychic phenomena, spiritualism, psychoanalysis, and the social role and responsibility of scientific philosophy with regard fringe and pseudoscientific endeavors (that runs from De Morgan to William Malisoff in this story). In my talk, I would like to lay down the basics of such research that focuses on the early history of the demarcation problem with a special focus on logical empiricism that is supposed to be the bearer of a rational, socially engaged but fallible scientific philosophy in demented times.

Hayek and his models: a lesson from the 1930s capital controversies

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Friedrich von Hayek, widely recognized as one of the foremost economists of the Austrian school, notably did not shy away from formal modeling despite his often-cited critiques of its limitations. While best known for his triangular diagram in Prices and Production, this was not his sole endeavor to provide a graphical representation of his ideas; indeed, this approach reached its culmination in his 1941 work, The Pure Theory of Capital.

These two works constitute significant contributions to the capital theory debates of the 1930s, which included notable economists such as Frank Knight, Fritz Machlup, and Nicholas Kaldor. These exchanges were famously contentious, marked by frequent miscommunication and an especially abstract, intricate style that proved challenging for outside readers. Nevertheless, throughout these debates, participants occasionally employed formal models and numerical examples to support their arguments, leading to shared insights on fundamental weaknesses in such approaches.

In this presentation, I aim to reconstruct Hayek’s formal models for his theory of production structure within the context of these capital debates. Through this reconstruction, I intend to clarify both Hayek's and his opponents' eventual abandonment of capital theory, illustrating how these discussions prefigured the limitations of formal analysis that re-emerged during the later Cambridge capital controversies.

This analysis allows us to discern Hayek’s practical methodological approach as it evolved—contrasting with his theoretical assertions about the appropriate methods of economics. Ultimately, it aligns with the approach taken by his neoclassical contemporaries in Chicago and Cambridge: while formal models were not dismissed outright, their inherent limitations were carefully considered.

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Comparing Epistemic Systems - A De-Idealized approach

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Epistemic systems are usually understood as systems that generate true justified belief. Within these systems epistemic principles sanction epistemic conduct. It is an open question, however, how to compare different epistemic systems, particularly when they seem "exclusive," "incommensurable," or "fundamentally different." Some address this situation by arguing that there is no such thing as fundamentally different epistemic systems: Epistemic principles that seem different are either instances of shared more fundamental principles or are at least justified by such shared more fundamental principles (Boghossian, 2006; Seidel, 2014).

Recently, scholars have criticized the level of idealization employed in epistemological debates (Kinzel & Kusch, 2018; McKenna, 2023). Many examples in epistemology suffer from the omission of relevant factors and from the distortion of factors in play. Applied to the case of epistemic systems one could view the focus on epistemic principles as an idealization. Focusing on epistemic principles leaves out epistemic agents and their interactions, dynamics, and power relations. Also, it fails to account for how epistemic matters are connected to methodology, ontological intuitions, or moral considerations. Furthermore, these accounts treat the meaning of a certain epistemic principles as pre-determined and not sensitive to the concrete context in which the application of an epistemic principle occurs.

In this talk, I will introduce an approach that is sensitive to potential variations in epistemic principle following and will examine how such a de-idealized account of epistemic systems delivers new ways of comparing epistemic systems. I will emphasize how the concrete context of the application of a rule, as well as how it connects to other intuitions and value judgments is central in examining fundamental difference between epistemic systems. I will differentiate between the analysts' position judging the fundamental differences between certain principles, and the actor's application of these principles in concrete situations. I will conclude by extrapolating this account to the disagreement between Logical Empiricism and Austrian Economics.

Rethinking the Scarcity Theorem in Austrian Economics

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This paper takes issue with Córdoba's (2017) attempt to axiomatize praxeology, with the particular target being his ultimate derivation of the Scarcity Theorem. This author starts with proving the Uneasiness Theorem, the proof we find flawless. It is indeed the case that action entails wanting something, from which it follows – by contraposition – that being satisfied (i.e. not wanting anything) entails no action. That much must be granted. However, we consider the author's alleged proof of the Scarcity Theorem wanting. Specifically, what we find unpersuasive is Córdoba's premise (9) having it that if there is nothing that is scarce for a (some arbitrary economic agent), then a is satisfied and therefore a does not (and cannot) act. On Córdoba's own definition of scarcity, scarcity is a relational property. To wit, a certain resource is scarce for a when it does not suffice to satisfy a's multiple ends. But then, while sticking to this definition, we envisage a situation wherein nothing is scarce for a (relative to his ends). It seems that even under this scenario, the economic actor may not be satisfied just yet (say, at time t1). Yet, he may start sequentially employing his adequate means to satisfy his ends, thus obeying the law of diminishing marginal utility with both his desires and beliefs issuing in the purposeful behavior in question, nothing short of action proper. If our thought experiments counts for something, it shows that scarcity is just a contingent – pace Mises (1949 70) and Córdoba – rather than a necessary condition of action.

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