

Was Carl Menger a Precursor of Karl Popper?

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Plan of the Presentation

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2. Epistemology and philosophy of science
3. Economics and political philosophy
4. Methodology of the social sciences
5. Menger's Aristotelianism?
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Carl Menger and Karl Popper

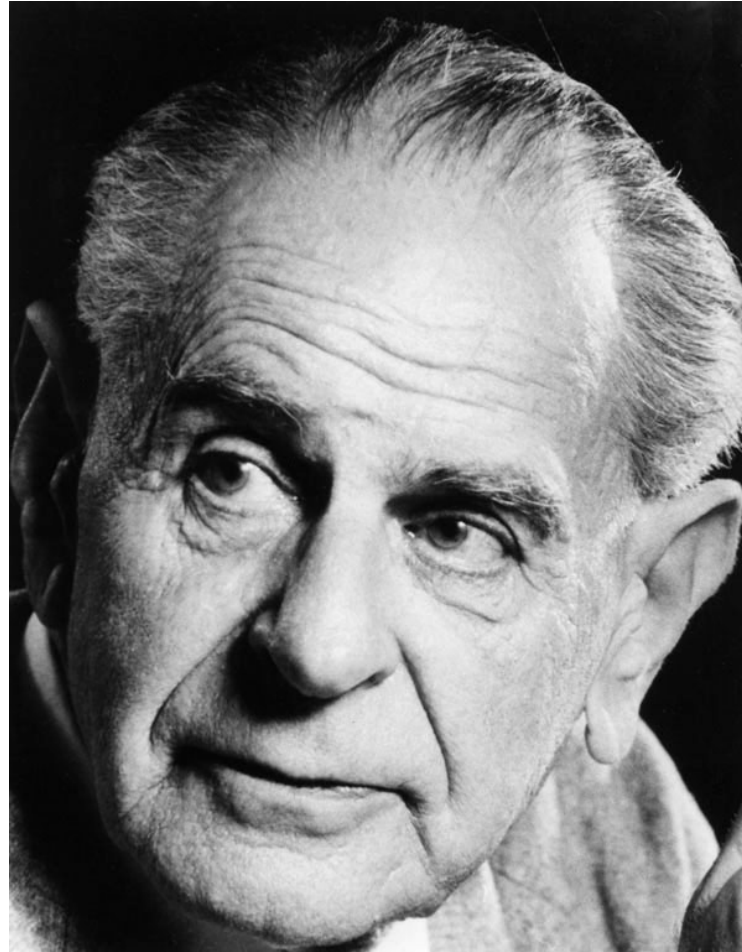


Carl Menger (1840-1921)



Carl Menger (1840-1921)

(Sir) Karl Popper (1902–1994)



Carl Menger

- Born 1840 Neu-Sandec (Nowy Sacz)
- Studied law and economics in Prague and Vienna
- PhD Cracow
- 1871 *Grundsätze der Volkswirtschaftslehre* (Principles of Economics; tr. 1950), “1st part”; 2nd ed. by son Karl 1923
- 1873 Associate Professor, University of Vienna
- 1879 Full Professor, University of Vienna

Carl Menger

- 1876 – 1878 Lecturer to Crown Prince Rudolf
- 1883 *Untersuchungen über die Methode der Socialwissenschaften und der Politischen Oekonomie insbesondere* (Problems of Economics and Sociology; Investigations into the Methods of the Social Sciences; tr. 1963)
- First Methodenstreit (methodological debate, against Gustav Schmoller)

Carl Menger

- **Influence in:**
 - Italy: M. Pantaleoni, L. Cossa, A. Graziani,...
 - Holland: N. Pierson
 - USA: S.N. Patten, R. Ely
 - England: A. Marshall (Principles, 1st ed.)
 - France, other parts of Habsburg monarchy,...
- Work on capital theory, money (On the Origin of Money, *EJ* 1892), currency reform
- Hofrat, member of the Herrenhaus (House of Lords)
- Retired 1903
- Died 1921

Epistemology and philosophy of science

- Deduction versus induction?
 - Menger: against inductivism (following Hume)
 - Popper: problem of induction
- Science versus non-science?
 - Popper: problem of demarcation; fallibilism
 - Menger: primacy of theoretical reasoning
- Realism versus idealism?
 - Both: strong realists

Economics and political philosophy

- Economic policy

- Menger: social liberalism; rejection of holism and utopianism (lectures to Crown Prince Rudolph)
- Popper: open society; piecemeal engineering

- Political philosophy

- Menger: civil servant of Habsburg monarchy, but support of democratic and liberal ideas (anonymous article in NFP)

Methodology of the social sciences

- Methodological individualism
 - Menger: individual agents, unintended consequences of individual rational behavior
 - Popper: situational analysis; critical rationalism

Menger's Problem Situation

		Theories of evaluating behaviour	
		subjective	objective
Methodological positions	individualism	Hufeland 1807 Menger 1871	A. Smith 1776
	inductivist essentialism	German historical school Roscher 1842	K. Marx 1867

Karl Milford (2010, p. 163)

Menger's Problem

- Pragmatic vs. **organic** phenomena: results of common will (design) vs. unintended results of human efforts aimed at attaining individual goals
- Against superficial analogies natural – social sciences
- Against organicism and holistic explanations – in favor of exact = atomistic understanding in social sciences
- Against German Historical School

Menger's Problem

“[...] we meet a noteworthy, perhaps the most noteworthy, problem of the social sciences:

*How can it be that institutions which serve the common welfare and are extremely significant for its development come into being without a **common will** directed toward establishing them?”*

Examples of such **social institutions**: money, settlements, the state, language, law, morals, markets and “numerous institutions of economy”

Menger on the Origin of Money

- Barter economy
- Some goods are gradually accepted by everyone
- Also by those who have no need for them
- Only in **some** cases money introduced by agreement or legislation
- Difficulty of double coincidence of wants
- Individual interest: obtain **marketable** goods
- Most marketable goods start to be accepted by most **successful** individuals
- Propagation through imitation, “practice and custom”
- Money **unplanned** outcome of **individual** efforts

Why can this be of interest today?

- Central tenet of later and contemporaneous **Austrian Economics**: Hayek's **spontaneous order**, Socialism Debate,...
- Possible foundation for a **theory of social institutions**: Schotter 1981, Young 1998, Greif 2006, Acemoglu and Robinson 2005, 2012,...
- Menger's **monetary theory** inspired some modern literature: Jones *JPE* 1976, Schotter 1981, Marimon, McGrattan and Sargent *JEDC* 1990, Duffy and Ochs *AER* 1999, Luo *JEDC* 1999, Gintis 2000, Dawid *JEBO* 2000,...
- Influence of methodology on other social sciences, e.g. **sociology** – “economic imperialism”

Menger's Aristotelianism?

- Raimondo Cubeddu (1987):
 - Close connections between Popper's and Menger's methodology of the social sciences and political philosophy
 - But: Aristotelian content of Menger's thought
 - And: human order as product of spontaneous order (Menger -> Hayek) versus product of critical reason (Popper) - ?

Menger's Aristotelianism?

- Barry Smith (1990):
 - Scientific realism
 - Essences, universal laws
 - Empiricism and essentialism
 - Objective knowledge
 - Subjective theory of value
 - Ontological individualism
 - No laws of historical development
 - Reflectionist apriorism

Menger's Aristotelianism?

- Gilles Campagnolo (2010, Ch. 7):
 - Menger's reading of the *Nicomachean Ethics* and *Politics*
 - Individualistic instead of collectivistic reading of Aristotle
 - Menger got inspirations from Aristotle but developed his own interpretation and enhancements

THANK YOU FOR YOUR ATTENTION!