

Schütz on Objectivity and Spontaneous Orders*

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1. Introduction

Schütz's relationship with the Austrian school of economics was an intimate one.¹ Although he was not technically a student of Ludwig von Mises, the leading figure in the Austrian school, Schütz was an active participant in Mises' private seminar between 1922 and 1934 (Prendergast 1986: 6). Participation in Mises' private seminar was by invitation only. Mises selected a group of the top University of Vienna doctoral graduates from across the social sciences.² They met twice a month in Mises' private office and discussed a wide range of topics including epistemology, methodology, philosophy, economics, sociology and history. Schütz presented several papers on a variety of topics at the Mises seminar over the twelve years he was active.³ It was Mises who encouraged Schütz to critically engage the work of Max Weber and to present it to the group. Schütz also presented an early version of the argument that would later become *Phenomenology of the Social World* at the seminar (Kurrild-Klitgaard 2003: 48). Additionally, Schütz was a member of the *Geistkreis*, a discussion group formed by F.A. Hayek another prominent figure in the Austrian school (Caldwell 2004: 140). Also, he was an early member of the Mount Pelerin Society, a classical liberal society founded by F.A. Hayek (Barber 2004: 208).⁴

Furthermore, Schütz and Mises were close friends. As Barber (2004: 16) writes, "Schütz's relationship with Mises remained significant throughout his life." Schütz usually remained after the seminars to continue talking with Mises and often walked Mises home after the evening gatherings. As Barber (2004: 15) describes, "Machlup and Schütz would proceed to accompany Mises (who never left before 1 a.m.) to

¹ Barber's biography of Schutz, *The Participating Citizen* (2004), contains an excellent account of Schutz's relationship to the Austrian school and his personal relationships with Mises, Hayek, Machlup and other members of the school. See also Augier (1995), Prendergast (1986) and Kurrild-Klitgaard (2003) for discussions of Schutz's intellectual and personal links to the Austrians.

² Between twelve and twenty scholars participated in each discussion and regular members included F.A. Hayek, Felix Kaufman, Oskar Morgenstern and Fritz Machlup (Kurrild-Klitgaard 2003: 46).

³ There is, unfortunately, no list of all the papers that Schutz presented at the seminar or all the discussions he participated in.

⁴ Nonetheless, it has been asserted that Schutz did not share the same political philosophy as the other members of the society.

his home and then talk together until three or four in the morning.”⁵ It was also Mises who got Schütz his first job. Additionally, when Mises later immigrated to the United States in 1940, Schütz greeted Mises and his wife Margit on the pier when they first emigrated to New Jersey, helped them find a place to live and would later sponsor Mises’ naturalization (Barber 2004: 16). The couples also saw each other quite regularly when they both lived in New York (ibid.). Schütz also maintained close friendships with other prominent members of the Austrian school including Hayek and Machlup (see Barber 2004; Cladwell 2004; Kurrild-Klitgaard 2003).

Beyond the close personal ties discussed above, Schütz’s research was also deeply influenced by the Austrian school. Indeed, Schütz’s early philosophical and economic writings can be seen as efforts to provide a strong philosophical grounding for Mises’ approach to the social sciences. As Prendergast (1986: 3) writes, “committed to the [Austrian] school’s overall methodological standpoint, but recognizing inadequately justified components, Schütz ... began to investigate alternative solutions.”⁶ Additionally, Kurrild-Klitgaard (2001: 122) has argued that it is “obvious” from Schütz’s economic writings that he “shared all the basic points of the economics of the Austrian School of the inter-war period.” Similarly, Oakley (2000: 243) has conceded that “Schütz’s brief writings on economics strongly reflect the influence of the Austrian school that he encountered during his formative exposure to the subject in the early decades of this century.” And, as Barber (2004: 48) states, “Schütz’s approach to intersubjective understanding both supported and was shaped by the so-called Austrian economic school, whose major proponents included Mises and Hayek.”

Recognizing the close personal and intellectual relationship between Schütz and the Austrian school, a number of Austrian scholars have begun to both tease out the similarities between Austrian economics and Schützian phenomenology and to explore how Austrian economics can benefit from Schützian insights. Rothbard (1997), for instance, approvingly cites Schütz’s discussion of the distinction between theory and history as well as Schütz’s critique of empiricism. Similarly, Koppl (1997) and Kurrild-Klitgaard (2001) have discussed how the Austrian school might benefit from a greater appreciation of Schütz’s discussion of ideal types. Foss (1996) has likewise argued that Schütz’s analysis of the *life-world*

⁵ See also Kurrild-Klitgaard (2003: 50).

⁶ As Prendergast (1986: 4) continues, “Schutz never questioned the core elements of the Austrian tradition. His efforts were consciously oriented toward its preservation, although the rescue required that it be set upon different epistemological pilings.”

has a number of implications for the Austrian understanding of the coordination problem that disparate actors must solve operating under the division of labor and within a market context. Additionally, Boettke (1995), Ebeling (1990), Lavoie (1994) and Storr (forthcoming a) have relied on Schütz to support their calls for an “interpretive turn” within Austrian economics.

Arguably, there is a consensus within Austrian circles regarding both Schütz’s membership within the Austrian school and the relevance of his insights for Austrian economics. His insights, however, have not been adopted uncritically by Austrian scholars. Lavoie (1991, 1994), for instance, has challenged (a) Schütz’s characterization of praxeology (Mises’ word for social science broadly conceived) as an objective science of subjective phenomena and (b) the ability of Schütz’s phenomenology, which emphasizes the subjective meanings of the actors, to really make sense of spontaneous social orders, a chief concern of the Austrians. Similarly, Lewis’ (2005) critique of Boettke’s “intersubjective metaphysics” is implicitly a critique of Schütz’s epistemology along the lines that it does not allow its adherents to really make sense of how social structures exert casual efficacy on socio-economic outcomes. Even Koppl (2002: 54), who has done a great deal to illuminate the “many strengths” of Schütz’s system for an Austrian audience, asserted that “Schütz did not clearly recognize that human action may generate systematic, but unintended consequences.” Although there is some validity to these critiques, it is my contention that Schütz can be adequately defended against these charges.

2. Objective Science of Subjective Phenomena

All Austrians agree that praxeology must concern itself with subjective phenomena. The facts of the social sciences, it is consistently maintained by Austrians, are the meanings that actors attach to their objects, their circumstances and their prospects (Storr forthcoming b). Although there are some disagreements among Austrians about how extensively to apply the principal of subjectivism, almost all would agree with Hayek (1955: 31) that “every important advance in economic theory during the last hundred years was a further step in the consistent application of subjectivism.”

While insisting that praxeology must focus on the subjective perceptions, preferences, purposes, valuations and expectations of actors, many Austrians nonetheless conceive of praxeology as a science developed prior to experience which provides objective universally valid truths. As Mises (1963: 39) writes, “reason has the power to make clear through pure ratiocination the essential features of human action.” Praxeology, according to this view, is a kind of mathematics of action. And, like mathematics,

praxeology claims to be valid across all imaginable economic, political, legal, economic and social systems. “The theorems attained by correct praxeological reasoning,” Mises (*ibid.*) adds, “are not only perfectly certain and incontestable ... they refer ... with the full rigidity of their apodictic certainty and incontestability to the reality of action as it appears in life and history.”⁷

This perceived special character of scientific constructs leads Mises to draw a sharp dividing line between theory and history.⁸ According to Mises (*ibid.*: 30), “there are two main branches of the sciences of human action: praxeology and history.” These two branches, Mises argues, employ distinct methods. While “the task of the sciences of human action is the comprehension of the meaning and relevance of human action,” Mises (*ibid.*: 51) writes, “they apply for the purpose two different epistemological procedures ... conception is the mental tool of praxeology; understanding is the specific mental tool of history.” Conception is an attempt to grasp the meaning of human action through “discursive reasoning” and understanding is an attempt to grasp the meaning of action through “emphatic intuition” (Mises 1976: 141).

Lavoie (1991, 1994) has challenged conceiving of praxeology as an objective science of subjective phenomena. “Both sides of this formula,” Lavoie (1991: 480) argued, “are misleading, and taken together they might be dangerous.” For Lavoie, the differences between scientific and practical knowledge are simply not as extreme as this formula suggests. Like the agents he studies, the social scientist is embedded in the “life-world” and, as such, his theorems are neither purely a priori nor apodictic. Moreover, Lavoie insists that the concern of praxeology must move beyond the purely subjective purposes and plans of individuals. The meanings that the social scientist must be concerned with are not just the meanings internal to the actors, i.e. the meaning-constructs created by actors. As he writes, “science, whether social or natural, is not objective in the sense of being ahistorical and perspective-less, nor is the subject-matter of the human sciences subjective in the sense of being private and inaccessible” (*ibid.*).⁹ Instead, the social scientist must also be concerned with inter-subjective meanings which are

⁷ See Prendergast (1986: 10) for an excellent summary of how Austrians have traditionally understood the epistemological status of their science.

⁸ See Lavoie and Storr (2001) for a critique of the dichotomy that Mises draws between theory and history.

⁹ Leeson and Boettke (2006) offer a restatement of Misesian objectivity that they believe sidesteps a number of the common criticisms. As they write, “on the one hand, ... like Kant, Mises clearly believed in logical categories of the mind that actors use to understand the world and was thoroughly subjectivist in this regard. ... On the other hand, his evolutionary explanation of the emergence of these categories,

internal “not to a single mind, but to a linguistic and cultural tradition, a discourse” (ibid.). And, the social scientist does not have access to a different kind of understanding than the actors he studies, but simply benefits from and contributes to “an extended, specialized and, it is hoped, critical discourse.” For Lavoie, then, social science is a critical inter-subjective discourse about the inter-subjectively produced and transmitted meaning constructs of social actors.

Schütz has often described social science using a similar formula to the one criticized above (i.e. as aiming to be an objective science of subjective phenomena). As Schütz (1967: 241; *italics his*) writes, “*all social sciences are objective meaning-contexts of subjective meaning-contexts.*” And, “pure economics is a perfect example ... of an objective meaning-configuration stipulating the typical and invariant subjective experiences of anyone who acts within an economic framework” (ibid.: 245). Elsewhere, Schütz (1972: 580) has described the social scientist as an observer who interprets “not the ongoing action, but the outcome, the acts performed, and, especially, the acts performed in the outer world.” Social scientists, in Schütz’s view, attempt to unpack the choices which led to these observed acts and the “because motives” of those choices using the interpretive schemes (i.e. the theoretical frameworks) developed by and available to them. “This method,” Schütz (ibid.) explains, “substitutes the interpretive meaning bestowed by the *observer* upon the single phases of the observed phenomena – the objective meaning, as it is frequently called – for their subjective meaning – that is, the meaning which the *actor* bestows upon the same phenomena.”

As such, it would appear that Schütz and his mentor Mises are in lock step regarding the purpose and epistemological status of the social sciences.¹⁰ That Schütz and Mises endorsed the other’s epistemology lends support to the notion that there was very little daylight between the two thinkers on this subject. As Schütz (ibid.) explained, “this ‘objectivity’ of Mises is ... the same as the concept of objectivity we

which conditions them on the reality of the world, suggests a ‘reflectionist’ view since a priori knowledge evolves over time with the evolution of individuals’ mental categories.” Their reformulation, however, does not move Mises in direction that can withstand Lavoie’s criticisms, as their restatement, at the end of the day, is simply another way of saying that Mises conceived of praxeology as an objective science of subjective phenomena.

¹⁰ The Austrian school celebrated Schutz’s book when it came out. As Prendergast (1986: 8) writes, “After the book was published in 1932, an evening of the Mises seminar was set aside to study it ... Two other Vienna-trained economists ... summarized Schutz’s interpretation of the ideal type in Hayek’s journal in 1937 ... [and] Hayek requested of Schutz a paper exploring the implications of his book.”

ourselves put forward in our discussion of the objective and subjective contexts of meaning.” Similarly, as Mises (2003: 84) wrote, “Max Weber’s epistemology has been continued and revised by Alfred Schütz in a way which seeks to dispose of the judgment of the logical character of economic propositions which I objected [to in Weber].” According to Mises (*ibid.*), “Schütz’s penetrating investigations ... lead to findings whose importance and fruitfulness, both for epistemology and historical science itself, must be valued very highly.”¹¹

Although both Schütz and Mises have pointed to the similarities between their perspectives, it is unclear if the criticisms that Lavoie leveled against the way that Mises and some of his followers have conceived of praxeology would apply to Schütz. Arguably, Mises and Schütz do gloss over the differences between their respective epistemologies. First, unlike Mises, Schütz does not leave himself open in any way to a charge of solipsism. Second, it seems quite clear that they had different concepts of objectivity.

Mises, in emphasizing introspection and conception as the principal tools of the social scientist, raises the question of whether or not the social scientist can ever escape the subjective to the inter-subjective.¹² For Mises (2003: 141), conception, the cognitive tool of praxeology, gets at meaning through “discursive reasoning.”¹³ As such, no direct access to other minds is required. Mises may be assuming that no direct access to the minds of others is required because all men (including scientists) are embedded in a social world common to us all and so have access to inter-subjective stores of meaning. It is, however, an assumption that he does not make explicit.

It is clear, however, that Schütz’s subjectivism leads him quite quickly to the inter-subjective. In describing social sciences as objective meaning contexts of subjective meaning contexts, Schütz begins by insisting that social scientists can gain access to the subjective meaning contexts of others not by entering

¹¹ Others in the Austrian school were even more enthusiastic. As Prendergast (1986: 9) wrote, “No greater testimony to Schutz’s success is need than the fact that [prominent Austrians] Hayek, Machlup, Bode, Stonier, and others quickly adopted the ideal type to describe the basic concepts and laws of economic theory.” Rothbard (1997), similarly, endorsed Schutz’s discussion of ideal types and the theory-history divide.

¹² I should note that the problem associated with gaining access to the motives of others is not only problem for praxeology as Mises conceives it.

¹³ Similarly, Hayek (1942: 276), confronted with this difficulty, writes that we can know others through introspection, we can rely on “our own subjective experience” and can “take it for granted that other men treat various things as alike and unlike just as we do.”

the heads of others but by observing the products of their actions and examining the social stocks of knowledge from which they draw meanings. As Schütz (1967: 20) explains, “the postulate of investigating the subjectively intended meaning behind the actions of others presupposes a theory of the knowability of the other self and therewith a theory of the latter’s pregiveness. I am justified in asking what another person means only when I assume (a) that he does mean something and (b) that I can find out what it is, just as I can find out what the meaning of my own behavior is.” This, Schütz realizes, raises a number of issues. Chief among them, on which basis do we make either assumption? Schütz offers a pragmatic response.¹⁴ Although “the behavior and actions of others are given to me as sequences of events in the physical world,” in attributing those events to someone else’s body I necessarily “presupposed the existence of the other Ego animating the body in question” (ibid.: 21). Similarly, in order to render the actions and behavior of others intelligible, we interpret them as “‘indications’ of the intended meaning of the actor” (ibid.: 21). As Schütz (ibid.: 22) writes, observable changes in the body of the other person “function as indications of the other person’s inner life, for his body is no mere object, like a stick or a stone, but a *field of expression* for the life-experience of that psychophysical unity we call the other self.”

That the actions and behaviors of others indicate that they have an inner life does not, of course, get us around the difficulty of gaining access to that inner life and discovering which meanings it intends. Indeed, it is quite clear that the meanings that someone’s actions have for us need not correspond with the “intended meaning” of their acts. As Schütz (ibid.: 21) states, “the meaning I find in them need not at all be identical with what the person who produced them had in mind.” And, “the subjective meaning of another person’s behavior need not be identical with the meaning which his perceived external behavior has for me as an observer” (ibid.: 20).

Observation, Schütz explains, cannot give us any real insight into an individual’s motives. It is impossible to arrive at a motivational understanding of another’s action through observation alone. Ryle’s famous reflections about the difficulty of distinguishing between a wink and a blink through observation alone are relevant here. A blink is an involuntary, reflexive opening and closing of an eye. A wink looks identical to a blink but, unlike a blink, a wink is done intentionally as a communicative act and is meant as a signal or to convey some sly meaning. The external physical changes to an individual’s body that

¹⁴ See Peritore (1975) for a critique of Schutz’s “general thesis of the alter Ego.”

occur when he winks or blinks do not tell us anything about the meaning of those movements. As Schütz (ibid.: 27) explains, “questions of subjective meaning ... cannot be answered by merely watching someone’s behavior.” Instead, “we first observe the bodily behavior and then place it within a larger context of meaning” (ibid.). Schütz points to naming as a way of contextualizing another’s behavior. Calling an eye twitch a wink, for instance, places it within what Schütz calls an “*objective* context of meaning.” Focusing on the social stock of knowledge from where an individual draws his recipes for how to act in different circumstances, notions about what is appropriate behavior and what is inappropriate, is another form of contextualizing. Rather than describing social science as an attempt to uncover the mental processes of others, Schütz, instead, describes social science as being concerned with the inter-subjective (see Storr forthcoming a).

Another reason why Lavoie’s criticisms of Mises do not apply to Schütz is that it is unclear that Schütz and Mises really did have the same concept of objectivity. Indeed, the links between Schütz’s and Mises’ objectivity are not as clear as Schütz suggests. As Kurrild-Klitgaard (2001: 127) writes, “Schütz indeed later admitted to not quite understanding exactly what Mises meant by ‘aprioristic,’ in particular whether it signified something beyond the general validity and universality, which Schütz himself acknowledged.” Mises’ objectivity, at least on the surface, implies that praxeological theorems are necessarily apodictic and a priori. Schütz, on the other hand, does leave more room than Mises for experience to shape social scientific theorems and has a more nuanced understanding of the epistemological status of praxeological claims.¹⁵

“Objective meaning,” for Schütz (1967: 134), “consists only in the meaning-context within the mind of the interpreter.” It is necessarily an abstraction, where the products of the particular lived experiences of particular subjects under observation are stripped out, and the anonymous account the social scientist develops takes on a universal character. Explaining why economic theory can claim to be universally valid, Schütz (ibid.: 137) writes, “to be sure, no economic act is conceivable without some reference to an

¹⁵ As Prendergast (1986: 12) wrote, “Schutz wished to preserve the idea that the foundations of any abstract-deductive science are necessary and nonempirical, possessing ‘universal validity’ independent of variations in historical or empirical cases subsumed beneath them. But, unlike Menger and Mises, ... Schutz moved toward an understanding of such premises as formal-logical requirements of deductivity itself.” And, “as genuine as his commitment was to the a priori character of economic theory, Schutz nevertheless detached himself from the naïve essentialism and intuitionism defended by Menger and Mises” (ibid.).

economic actor, but the later is absolutely anonymous; it is not you, nor I, nor an entrepreneur, nor even an 'economic man' as such, but a pure universal 'one.'" For Schütz, the difference between pure economic theory and economic history is, thus, not a qualitative difference in the style of reasoning involved in either enterprise but instead has to do with the degree of anonymity of the ideal types employed. Schütz also leaves open the question of how these anonymous ideal types are arrived at. As Schütz (*ibid.*: 135) writes, "objective meaning is merely the interpreter's ordering of his [own] experiences of a product [of the actions of others] into the total context of his [own] experiences [with that product]." And, "both 'empirical' and 'eidetic' ideal types may be constructed. By empirical we mean 'derived from the senses,' and by eidetic we mean 'derived from essential insight'" (*ibid.*: 244).¹⁶

There is, for Schütz, a meaningful distinction but not a stark dichotomy, as Mises frequently suggests, between theory and history.¹⁷ "Where Mises sought to demarcate the subject matters and methods of the social sciences," as Prendergast (1986: 17) writes, "Schütz wished to build linkages between them." Similarly, as Koppl (2002: 47) writes, "if [Schütz] is right, then Mises' distinction between conception and understanding is untenable." The claim to universal validity of theoretical cultural sciences has less to do with the origin of the ideal types employed and more to do with the degree of anonymity of the ideal types employed. As Schütz (1930: 86) explained, that economics deals with "the anonymous processes of actions by an impersonal 'someone'" is what "sets off the subject-matter of political economy from that of understanding sociology (and also that of history)."¹⁸ For Schütz, the difference between historians and theorists like the difference between scientists and actors, as O'Driscoll and Rizzo (1985: 42) explain, "lies in the different problem situation faced by the two."

Lavoie's criticism of conceiving of social science as an "objective science of subjective phenomena," thus, does not apply to Schütz. Although Schütz leaves open the possibility that scientific theorems can be arrived at through ratiocination, he does not insist that ratiocination is the only epistemological procedure for arriving at scientific constructs. Additionally, objective scientific theorems do not rest on

¹⁶ As Kurrild-Klitgaard (2001: 133) writes, "Fro Schutz *all* social scientific conceptualizations of actors are ideal types, and Schutz's point was that all such necessarily must be 'less' than real, red-blooded human beings, although they may come in various degrees of 'anonymity.'"

¹⁷ One consequence of Mises maintaining this sharp dichotomy between the theory and history is that he is unable to develop a theory of expectations (Koppl 1997).

¹⁸ Schutz's "Understanding and Praxeology"

how these theorems were developed.¹⁹ Indeed, scientific constructs for Schütz are simply more anonymous, i.e. less concrete, ideal typifications than the constructs employed by historians.²⁰

Although Mises never adopted Schütz's formulation and continued to draw a sharp distinction between theory and history, there are reasons to believe that Mises was at least sympathetic to Schütz describing theory as anonymous and so universally-valid ideal types. As such, it might be possible to think of the differences between Mises and Schütz on objectivity as differences in emphasis and rhetorical strategy and not differences in their positions. Another possible thesis is that Schütz is not simply clarifying what Mises really meant but that he is rehabilitating it.²¹ Regardless, the implications for both proponents and critics of Mises' apparent conception of objectivity are profound. If by objective science, Mises simply meant universally valid because it is comprised of anonymous ideal types then proponents of apodictic certainty and apriorism are out of step with what Mises really meant or should have meant.²² Moreover, the critics have much less to argue with.²³ The complaint that Schütz cannot deal with spontaneous orders is, however, extremely worrisome.

3. Understanding Spontaneous Social Orders

The study of spontaneous social orders is at the heart of the social sciences. According to Hayek (1973), spontaneous social orders have the following characteristics: (a) they are the result of human action, (b)

¹⁹ It is important to note that while acknowledging that empirical objective meaning constructs are possible, Schutz does not endorse historicism. His problem with historicism is not that it tries to construct theory from experience by that it pretends as if theory is necessarily historically contingent.

²⁰ Interestingly, although Schutz believed that scientists – be they historians or theorists – rely on the same mental tools, he seems to have also believed that scientists and the actors they study deploy different cognitive tools (Oakley 200: 246).

²¹ As Prendergast (1986: 16) writes, “Schutz preserved Austrian apriorism while changing its epistemological underpinnings.”

²² See Lavoie (1986) for a similar argument. As he writes, “although the textual evidence is mixed, there are discernible, if heretofore almost completely ignored, antiformalist strands in Mises' methodological thought” (ibid.: 193).

²³ If Schutz's epistemology can be read as being a more sophisticated articulation of Mises' epistemological positions (i.e. Schutz said what Mises wanted to but couldn't) then a major complaint is taken off the table. Mises' claims of objectivity are made much more reasonable. Admittedly, the practical import of resolving this tension is unclear. See Kurrild-Klitgaard (2001: 128-129) for a similar argument.

they are not the result of human design, and (c) they are self-reinforcing.²⁴ This list is certainly not exhaustive. Indeed, spontaneous orders have more in common than the three characteristics listed above. But, I contend, the above criteria are necessary if not sufficient to identify a phenomena as a spontaneous order. As such, each deserves further explanation.

First, as Hayek (1973: 37) explains, a spontaneous social order is the result of purposeful human action. They are observable social arrangements and patterns that came about through the coordinated actions of self-interested individuals. Think of the pattern of lines that form in front of the open check-out registers at a supermarket or of the system of formal and informal rules which govern the behavior of individuals within society or of society itself. Although it is possible to reify social wholes, spontaneous orders are social phenomena that cannot be meaningfully divorced from the actions of individuals which bring them about. Second, as Hayek (*ibid.*) explains, spontaneous orders are the unintended consequence of the nonetheless purposeful action of multiple individuals. Unlike made orders like organizations which are brought about by the deliberate acts of some individual or group of individuals, a spontaneous order is a side effect not the goal of individual human action. Third, if an order is to emerge and survive, there must be (positive and negative) feedback mechanisms which guide individuals' decisions and actions. Spontaneous orders rely on feedback mechanisms (e.g. profit and loss in a market context) to coordinate the plans of the individuals whose actions create the order.

Boettke (1995: 62) has argued that a Schützian social scientist must try to understand spontaneous orders because, for Schütz, social science is ultimately about understanding the real social world. Stated another way, the social sciences must pay attention to the 'first-level' common sense constructs of social actors while constructing 'second-level' explanations of spontaneous social processes. As Boettke (*ibid.*: 63) puts it, the task of a Schützian social scientist is to, "first, render intelligible economic phenomena in terms of the purposes and plans of the social actors involved, and, second, trace out the unintended consequences, both desirable and undesirable, of those actions." Or, as Boettke (1998: 67) described it elsewhere, the Schützian social scientist "must first achieve a genuine understanding of the actions of the individual [and] second ... must understand the 'communicative intent' and significance of meaningful actions to others, and how the interpretation of these actions leads to the complex coordination of human activity."

²⁴ See Martin and Storr (2008) for a more exhaustive list.

It is unclear, however, if the 'second-order constructs' that Schütz describes would actually open the door to spontaneous order theorizing as Boettke believes. According to Schütz (1962: 6), "human beings living, thinking and acting" in the social world "have preselected and preinterpreted this world by a series of common-sense constructs of the reality of daily life, and it is these thought objects which determine their behavior, define the goal of their action, [and] the means available for attaining them." Because social scientists are not trying to make sense of a social world that is "structureless" but one already imbued with a particular meaning structure for the actors-in-the-world, "the thought objects constructed by social scientists [must] refer to and are founded upon the thought objects constructed by the common-sense thought of man living his everyday life among his fellow-men" (ibid.: 6). Social scientific constructs are second order constructs because they are constructs based on the first order common-sense constructs created by actors which enable them to negotiate the social world. Arguably, the purpose of the social scientist, in Schütz's view, is then to explain the behavior of actors by making reference to the actors' common sense constructs and not to tease out the unintended consequences of action (as Boettke puts it).

It is also unclear if Schütz can justify social scientists focusing on the consequences of human action (on any but pragmatic grounds). While acknowledging that economists often deal with macroeconomic constructs that are not linked to their microeconomic foundations, Schütz (1972: 582) is quite critical of economists who focus on the products of economic activity but do not focus on those activities which give rise to them or the preferences and choices of economic actors. Economics, for Schütz, should ultimately be about the motives and meanings of individual actors or the economic phenomena that impact the projects, motives, and choices of actors. It is not an effort to trace out the (unintended) consequences of their choices. It is not about explaining the by-products of individuals performing activities. Economics, for Schütz, does not seem to be spontaneous order analysis.

Lavoie (1994), consequently, worried that while wanting to discuss spontaneous orders Schütz did not really provide the tools needed to do so. As Lavoie (ibid.: 59) explains, "writers [like] Schütz, basing their work on Husserl, leave one wondering exactly how to relate the level of meaning to the level of casual spontaneous order analysis." Focusing on the motives and meanings of individuals makes sense if the goal is limited to rendering human choices intelligible. But, if the goal is to make sense of social outcomes and social outcomes are partly the result of the frustration of the projected activities of some and the unintended outcomes of the actions of others, then only focusing on motives and meanings is inadequate to the task at hand. As Koppl (2002: 54) writes, "to analyze ... unintended consequences, we

must appeal to causal connections that are 'mechanistic' in the sense that they are not intended by any of the actors whose actions nevertheless bring them about. Schütz's characterization of economics seems to exclude such causal mechanisms." Others have criticized Schütz along similar lines.²⁵ According to Heckman (1986), although Schütz justifies 'second order constructs' in theory, Schütz and those who adopt his framework rarely ever move to this 'second order' of explanation in practice. As Heckman (ibid.: 146-147) argues, "Because [Schütz] insist[s] on the epistemological primacy of the actors' constitution of meaning, it follows that any other construal of meaning is necessarily suspect. ... [he does not offer] any substantive justification for this second level of conceptualization on the part of the social scientist."²⁶

This above criticism of Schütz is, however, unfair.²⁷ First, the second order constructs that social scientists employ are based on first order common constructs that individuals use to negotiate the social world which necessarily reference to unintended consequences and spontaneous orders. Second, Schütz himself often engaged in causal spontaneous order analysis.

Schütz (1996: 96) has argued convincingly that "according to my given situation of interest, I will pay attention to one or another factor; I will even analyze sufficiently the phenomena of importance for me to the extent called for by the situation and allowed by my experience." Often times these constructs are quite parochial (e.g. how my company works, what my family is like, how to worship at my church, etc.). If actors are to survive in a social world that is itself a spontaneous social order comprised of multiple and varied emergent and made orders, however, then some of their 'common sense constructs'

²⁵ Lewis (2005) levels an implicit criticism of Schutz when he argues that calls for the 'interpretive turn' in economics along Schutzian lines (as Boettke advocates) do not place the study of social structures on solid epistemological and ontological foundations. Calling for a "realist" or "ontological" turn that goes beyond an emphasis on a focus on intersubjective meanings, Lewis (ibid.: 100) insists "that material aspects of socio-economic life are irreducible to people's interpretations thereof."

²⁶ Mote (2001) has similarly argued Schutz cannot understand social change. As he (ibid.: 223) writes, "it is clear that Schutz provides an answer to the question of market coordination and economic expectation. The notion that individuals draw upon a range of ideal-types ... in order to navigate social interaction does allow for at least a partial understanding of the possibility of social order. ... Schutz's ideal-types are not able to understand the origins or processes of *social change*." Mote, in essence, is endorsing Gorman's (1975, 1977) critique of Schutz.

²⁷ Interestingly, Foss (1996) has argued conversely that Schütz's phenomenology helps us to understand the coordination problem that individuals operating within a market context have to overcome.

necessarily contain theories (however undeveloped and mistaken) which seek to explain the unintended consequences of their own actions and the actions of others. Stated another way, individuals are necessarily spontaneous order theorists.²⁸ As such, the second degree constructs of first degree common sense constructs that social scientists construct necessarily involve casual spontaneous order analysis.²⁹

Additionally, contrary to the criticisms above, Schütz has not only advocated but has often offered second degree constructs of spontaneous social orders. His discussion of how the social stock of knowledge emerges and operates is an excellent example.³⁰ Schütz has stressed the importance of the “social stock of knowledge” in providing individuals with “interpretive schemes,” “relevance systems,” “skills,” “useful knowledge” and “recipes” which they rely on to negotiate the social world (Schütz and Luckmann 1973: 100).³¹ An individual’s “subjective stock of knowledge” contains everything that he has “learned” over the course of his life. Although some of an individual’s subjective stock of knowledge was developed as a result of his own experiences in the life-world, much of it was derived from the social stock of knowledge. As Schütz and Luckmann (1973: 254) explain, “when the individual enters into a situation, he brings with him a biographically modeled, and to a large extent socially derived, stock of knowledge.” And, “the subjective stock of knowledge consists only in part of ‘independent’ results of experience and explication. It is predominantly derived from elements of the social stock of knowledge” (ibid. 262).

²⁸ Koppf (2002: 55) proposes this as a possible out for Schutz. Also, see Schutz’s (1967: 199) discussion of the social scientist’s efforts to understand social collectives.

²⁹ Individuals have correct and incorrect, biased and unbiased common-sense theories of how social collectives like markets, families, traffic patterns, etc. work that guide their actions in the world. As Foss (1996:83) writes, “agents come equipped with an intimate knowledge of their life-world, including a large repertoire of course-of-action and personal ideal types.” Similarly, as O’Driscoll and Rizzo (1985:20) write, a scientist must develop “a more precise conceptualization of the [actor’s] commonsense observational categories. The scientist eliminates their concrete associations and builds up an abstract or general framework of subjective meaning.”

³⁰ As Foss (1996: 76) writes, “Schutz completes the move from the individual to the societal level by contending that many of the typifications that constitute ‘knowledge at hand’ are socially constructed.”

³¹ I should note that the book where this concept is developed was completed after Schutz’s death by his co-author and former student Thomas Luckmann. As Schutz’s biographer Barber (2004: 220) describes, “On the basis of Schutz’s manuscripts (in the form of notebooks) Thomas Luckmann brought *The Structure of the Life-World* to its final form ... Luckmann ... altered Schutz’s plans, expanding a section on typifications in the third chapter on the subjective stock of knowledge [and] producing an entirely new chapter, the fourth, on knowledge and society.” The arguments presented in this section, however, draws heavily on Schutz’s work in this area and fit neatly into his body of work. See Schutz (1967: 78-83) for Schutz’s on writings on the stock of knowledge at hand.

All social knowledge, Schütz and Luckmann (*ibid.*: 262) point out, is the result of the “subjective acquisition of knowledge” that occurs through experience in the life-world. The social stock of knowledge, however, contains both “more” than the sum of each individual’s subjective stock and “less” than each individual’s subjective stock. “More” in the sense that no person in any community is in possession of all of that community’s social stock of knowledge; there is a social distribution of knowledge (*ibid.*: 264). “Less” in the sense that the individual’s subjective stock of knowledge contains elements that were acquired during novel or unique experiences and so do not make their way into the social stock of knowledge (*ibid.*). This social stock of knowledge emerges spontaneously, as Schütz and Luckmann (*ibid.* 305) explain, during “the processes inherent in the subjective acquisition of knowledge.” Subjective experiences enter the social stock of knowledge as individuals are enculturated into the social world as a bi-product of that enculturation process.

While it is fair to say that Schütz was critical of social science that reified social collectives, he did not wish to foreclose the study of social collectives. Rather, he simply wished to stress, as Mises and Weber did, that social collectives, be they made or grown orders, are the result of human action not human design. As Schütz (1967: 200) explains, “our reduction of statements about social collectives to personal ideal typifications does not foreclose a sociological analysis of these constructs. On the contrary, such an analysis is one of the most important tasks of sociology.” The problem of moving from meanings to spontaneous order analysis is not a problem if we recognize that actors and scientists will necessarily employ typifications of these orders as they negotiate the social world and attempt to make sense of human action.

4. Conclusion

Schütz, in developing a more satisfactory philosophical foundation for praxeology, has done a great service for the Austrian school. In particular, he has provided Austrian methodology with a firm basis from which to defend itself against external and internal criticisms along two important fronts. First, for Schütz, the claim that social science is an objective science of subjective phenomena need not imply apodictic apriorism nor solipsism. Second, the study of spontaneous social orders need not be difficult to justify.

It was doubt among some members in the Austrian school that Schütz could offer sufficient improvement over Mises’ epistemology that led them to look to other philosophical traditions for support. Lavoie

(1987, 1990a, 1990b, 1990c, 1994, 1995), Ebeling (1990), and the other advocates of the interpretive turn, for instance, turned to the philosophical hermeneutics of Ricoeur and Gadamer. Lewis (2005) and other critical realists, similarly, have argued that an ontological turn provides the philosophical pillars that Austrian economics wants but lacks. These efforts have had various degrees of success. Their efforts, however, were complicated because the thinkers they employed were rightly seen by most Austrians as outsiders. If Mises' methodological positions can be developed, improved and defended from within, so much the better. Schütz offers us a way to improve Austrian economics from within.

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