

Subjectivism, Intrinsicism, and Apriorism: Rand Among the Austrians?

Richard C. B. Johnsson

Introduction

According to the Objectivist value theory of Ayn Rand, values are objective and relational. By contrast, most adherents of the Austrian school of economics believe that subjective value theory is one of its main features and basic strengths. As it turns out, some Austrians seem to have held or hold that values are relational, while others have held or hold different views.

In this paper, I compare the value theories of Rand and the Austrian school. Since the latter is far from homogeneous, I begin the comparative analysis with the founder of the school, Carl Menger. The Aristotelian common ground of Menger and Rand might lead us to conclude that they shared many ideas on value theory, and that many apparent differences could be a matter of mere semantics.¹

The dissimilarities appear to intensify as we turn to the second generation Austrians and Eugen von Böhm-Bawerk. For example, he held that values could be both intrinsic and extrinsic, although in a slightly different way than Rand. It appears to be even more difficult to find common ground when Rand is compared to the third generation of Austrians and Ludwig von Mises. Mises stated clearly that his value theory was subjective and treated values more or less like Böhm-Bawerk. This view has been maintained by Murray Rothbard, another Austrian—and an Aristotelian. Mises also adhered to an apparently Kantian apriorism.² Despite these seemingly insurmountable differences, however, there may even be some

common ground between Rand and the later Austrians.

In this paper, though I provide no definitive conclusions, I begin a necessary preliminary exploration.

Rand vs. Menger

Rand argues that values are rooted in the facts of reality, i.e., that they are objective. She writes: “Life can be kept in existence only by a constant process of self-sustaining action. The goal of that action, the ultimate *value* which, to be kept, must be gained through its every moment, is the organism’s *life*. . . . An organism’s life is its *standard of value*” (Rand 1964, 17). She continues: “Value is that which one acts to gain and/or keep—virtue is the act by which one gains and/or keeps it” (27). Thus, for a person to stay alive, certain actions have to be taken and certain things obtained. This implies that these things have to be valued, according to Rand. “The relationship between valuation and life is internal to each concept: valuation is impossible without life, and human life is impossible without valuation,” as Sciabarra (2000, 209) summarizes this position. “To speak of ‘value’ as apart from ‘life’ is worse than a contradiction in terms. It is only the concept of ‘Life’ that makes the concept of ‘Value’ possible,” Rand (1964, 18) argues.

Secondly, and closely connected to this first point, Rand means that values are relational.³ In other words, values are agent-relative; they emerge in relation to a person. She held “that the good is an aspect of reality in relation to man. . . . Fundamental to an objective theory of values is the question: Of value to whom and for what?” (Rand 1967, 22). This is what makes it objective. The agent-relative approach has also been emphasized by such writers as Den Uyl and Rasmussen (1985), Sechrest (2004), Younkins (2003 a–d), Salsman (1995a), Buechner (1995) and Sciabarra (2000, 197 n. 16).

Those who are familiar with Rand’s writings know that she clearly rejected the idea of what she called “intrinsic” values. By this she meant values that are an irreducible aspect of the objects themselves, without any relation to a person. When it comes to Menger, much of what he wrote tells us that he shared Rand’s relational view of value.

For example, Menger ([1871] 1994, 8) defined a good in the following manner:

If a thing is to become a good, or in other words, if it is to acquire goods-character, all four of the following prerequisites must be simultaneously present:

1. A human need.
2. Such properties as render the thing capable of being brought into causal connection with the satisfaction of the need.
3. Human knowledge of this causal connection.
4. Command of the thing sufficient to direct it to the satisfaction of the need.

Only when all four of these prerequisites are present simultaneously can a thing become a good.

Sciabarra (2000, 197 n. 16) and Reisman (2001) argue that this is to be taken as evidence that Menger supported the relational view of value. There is much support for this conclusion. For example, Menger ([1871] 1994, 118) writes that “[v]alue is . . . nothing inherent in goods, no property of them, but merely the importance that we first attribute to the satisfaction of our needs, that is, to our lives and well-being, and in consequence carry over to economic goods as the exclusive causes of the satisfaction of our needs.” He continues: “The value of goods is . . . nothing arbitrary, but always the necessary consequence of human knowledge that the maintenance of life, of well-being, or of some ever so insignificant part of them, depends upon control of a good or quantity of goods” (120).⁴

So far there still is great resemblance to Rand’s view. The next passage reinforces the similarity but also introduces a seemingly major difference between Menger and Rand:

[V]alue does not exist outside the consciousness of men. It is, therefore, also quite erroneous to call a good that has value to economizing individuals a “value,” or for economists to speak of “values” as of independent real things, and

to objectify value in this way. For entities that exist objectively are always only particular things or quantities of things, and their value is something fundamentally different from the things themselves; it is a judgment made by economizing individuals about the importance their command of the things has for the maintenance of their lives and well-being. Objectification of the value of goods, which is entirely *subjective* in nature, has nevertheless contributed very greatly to confusion about the basic principles of our science. (121; emphasis in original)

Here Menger seems to state that he favors the relational view of value. He believes, just like Rand, that the opposite position, which he calls an “objectification,” is untenable. Menger’s statement that values are subjective is often taken as something that follows naturally from the view that values are relational.⁵ Earlier on in his 1871 book, Menger states that “the attempt to provide for the satisfaction of our needs is synonymous with the attempt to provide for our lives and well-being. It is the most important of all human endeavors, since it is the prerequisite and foundation of all others” (77). This also sounds somewhat like Rand, and it is perhaps no surprise as Menger refers to Aristotle for his view: “Aristotle (*Politics* i.4. 1253b 23–25) calls the means of life and well-being of men ‘goods’” (286).⁶ On the other hand, “Life and well-being”—if not elaborated on—could mean a lot of different things. Thus, while both Rand and Menger held the view that values are relational, one of them claimed that they are objective, and the other claimed that they are subjective.

The Whole Context

Does this mean that they are in opposition in this matter? Not necessarily. For example, in discussing the difference between economic and noneconomic goods, Menger emphasizes “that goods of the same kind and in the same place attain and lose their economic character [and thus value] with changing circumstances” (102). He thereby gave a fundamental importance to the *context*. This means

that in a situation where a person assigns value to an object, the context of these two, i.e., the person and the object, plays an important role. After all, when addressing the old “value paradox,” i.e., why diamonds are more valuable than water, the context certainly plays an important role. The same person who, safe at home, puts more value on diamonds actually might do the reverse in a desert.⁷

But if this is the reason Menger claimed that values are subjective, perhaps he is in full agreement with Rand after all. For incidentally, Rand is known for her emphasis on context-keeping and according to her theory it is fully conceivable to call the value of diamonds objective both in the context of safety at home and the different context of the desert.⁸ Indeed, as Sciabarra (2000) claims, both Menger and Rand wrote in a long, and to a large extent Aristotelian, dialectical tradition. Dialectics could be defined as “the art of context-keeping” or as “an orientation toward contextual analysis of the systematic and dynamic relations of components within a totality” (149, 173). And, as Sciabarra argues, Menger and Rand exhibit this orientation quite clearly.

By comparing Menger and Rand, we see that there are great similarities between their value theories. They both hold that values are relational. And when the importance of the context is stressed, the distinction between the subjective and objective aspects becomes almost semantic. As it turns out, this emphasis on the context could present itself as a possible way to find similarities also between Rand and the later Austrians.

Böhm-Bawerk and Intrinsic Value

Böhm-Bawerk ([1884] 1959, v. 2, bk. 3, ch. 1, 121) starts his chapter on value in his three-volume *Capital and Interest* by making a distinction between goods of intrinsic value, which possess value for their own sake, and goods of extrinsic value, which possess value only as a means to an end lying outside themselves. Böhm-Bawerk had in mind that some lower-order (consumer’s) goods are sought for their own sake while some higher-order (capital) goods only as inputs to the production of these lower-order goods. The value of the higher-

order goods stems from the value of the lower-order goods, i.e., the value of the goods of extrinsic value stems from the value of the goods of intrinsic value.

Thus, he states clearly that a good could have intrinsic value, while Menger and Rand both held that the value is relational (and clearly not intrinsic to the object itself). This seems to imply that either Rand and Menger are wrong or Böhm-Bawerk was. But perhaps that is not necessarily the case; perhaps they simply used a different meaning when referring to “intrinsic”?

To sort this out, it is useful to examine the whole context, just as Menger and Rand emphasized. According to Sciabarra (2000, 179), “an emphasis on ‘context,’ entails two integrated meanings: an emphasis on the whole and an emphasis on our perspective of the whole.” And there are others, besides Böhm-Bawerk, who have concluded that an object can have intrinsic value, while at the same time strictly emphasizing the whole context.

For example, Moore ([1903] 1962, sect. 18, 28) claims that “[t]he value of the whole must not be assumed to be the same as the sum of the values of its parts.” He then continues to explain why this leads him to think that an object could have intrinsic value. Since this appears to be in total opposition to Menger and, more importantly, Rand, I quote his simple example at length:

It seems true that to be conscious of a beautiful object is a thing of great intrinsic value; whereas the same object, if no one be conscious of it, has certainly comparatively little value, and is commonly held to have none at all. But the consciousness of a beautiful object is certainly a whole of some sort in which we can distinguish as parts the object on the one hand and the being conscious on the other. Now this latter factor occurs as part of a different whole, whenever we are conscious of anything; and it would seem that some of these wholes have at all events very little value, and may even be indifferent or positively bad. Yet we cannot always attribute the slightness of their value to any positive demerit in the object which differentiates them from the conscious-

ness of beauty; the object itself may approach as near as possible to absolute neutrality. Since, therefore, mere consciousness does not always confer great value upon the whole of which it forms a part, even though its object may have no demerit, we cannot attribute the great superiority of the consciousness of a beautiful thing over the beautiful thing itself to the mere addition of the value of consciousness to that of the beautiful thing.

Thus, it is conceivable that a thing can be beautiful even when its parts are not. For example, consciousness of natural scenery might be of greater value than the consciousness of the specific and separate parts (i.e., the value of the specific trees and rocks and meadows), added up. The scenery would thus have some intrinsic value. It could, for example, be beautiful; but not entirely because of a person being conscious of it or because it is inherent in the object itself.

Thus, I believe this indicates that a focus on the whole context in this way might tell us that things could have intrinsic values after all. The important implications of this were summed up by Ross ([1930] 1955, 114), who notes that “the arguments in favour of thinking that values are objective [by which he means an irreducible aspect of the objects themselves, i.e., what Rand denoted as “intrinsic”] are no more successful than those in favour of treating it as a relation.”⁹

Thus, the choice is not between (1) value being purely an irreducible aspect of the objects themselves, and, (2) value being purely relational. According to Moore and Ross, that would be a false dichotomy. This view is an aspect of values that it is easy to overlook.¹⁰ Huemer (2002) explains that the idea of relational values easily could be confused with the self-evident propositions that “a thing is good only if it benefits someone” and/or “a thing is valued only if there is some being who values it,” both of which are compatible with the idea of intrinsic values in Moore’s sense.

Aristotelian Intrinsicism

Moreover, Moore ([1903] 1962, sect. 22, 36) notes “the fact that

a whole has an intrinsic value different in amount from the sum of its parts” as “organic.” This idea is clearly Aristotelian. Sciabarra (2000, 38) writes that “[i]n rejecting the strict-atomist, strict-organicist, monist, and dualist doctrines, Aristotle continues to view the whole as an organic unit, not a collection of disconnected constituent elements.” Indeed, Aristotle (*Topics*, bk IV, ch. 13) writes that “the whole is not the same as the sum of its parts,” revealing Moore’s source in this regard.¹¹

This means, however, that perhaps neither Rand nor Menger necessarily were completely wrong in their analyses. After all, although Moore’s view of intrinsic value is clearly different from what Rand means by intrinsic value, it does not ignore Rand’s important question “of value to whom?” And both Moore and Ross agree with Rand and Menger in rejecting the idea that value was an irreducible aspect of the objects themselves. Moreover, if the idea of intrinsic values in the Moore sense is accepted, the differences between Menger and Rand become even smaller, perhaps reduced to mere semantics. And if it is assumed that Böhm-Bawerk uses “intrinsic” in the Moore sense, it seems he is closer to Menger and Rand than often believed (more on that below). Might this help us find more common ground between Rand and the later Austrians, including Mises and Rothbard?

Rand vs. Praxeology and Apriorism

When discussing the value theories of the later Austrians, it is not possible to exclude a discussion of praxeology, the distinctively Misesian science of human action, of which “subjective economics” is the best developed part, and its related apriorism. Let’s take them in that order.

Praxeology and Subjectivism

I would like to start by further discussing Böhm-Bawerk. As stated above, he makes a distinction between a good of intrinsic value, which possesses value for its own sake, and a good of extrinsic value, which possesses value only as a means to an end lying outside itself.

Böhm-Bawerk means by an extrinsic value not a good that possesses value in direct relation to a person, but rather in an indirect relation via that person's ultimate end, the intrinsic value. The means become valuable as means to the ends. Although Menger does recognize that some goods become valuable because they are used in the production of other end goods, he didn't say that these end goods were intrinsically valuable. I'm not sure whether Rand makes this kind of distinction at all. But Böhm-Bawerk's distinction is in a sense fundamental to Mises's praxeological system.

This was no random invention by Menger or Böhm-Bawerk. Aristotle (*Politics*, bk. 7, ch. 13) argues that “[t]here are two things in which all well-being consists: one of them is the choice of a right end and aim of action, and the other the discovery of the actions which are means towards it.” And Moore ([1903] 1962, sect. 15, 21) notes that “a great part of the difficulties, which are met within ordinary ethical speculation, are due to the failure to distinguish [between means and ends] clearly,” and this is perhaps not restricted to ethics. Thus, it appears that the relation between means and ends is at least as interesting as the relation between object and person. Moreover, some objects seem to be able to have intrinsic value (in Moore's sense) while others have value only as means, in that case extrinsic value. I will use the words in this sense for the rest of the paper.

Mises ([1949] 1998) does of course distinguish between means and ends. He holds that:

the ultimate ends of human action are not open to examination from any absolute standard. Ultimate ends are ultimately given, they are purely subjective, they differ with various people and with the same people at various moments in their lives. . . . Any examination of ultimate ends turns out to be purely subjective and therefore arbitrary. (95)

Mises also states:

It is true that economics is a theoretical science and as such abstains from any judgment of value. It is not its task to tell

people what ends they should aim at. It is a science of the means to be applied for the attainment of ends chosen, not, to be sure, a science of the choosing of ends. Ultimate decisions, the valuations and the choosing of ends, are beyond the scope of any science. Science never tells a man how he should act; it merely shows how a man must act if he wants to attain definite ends. (10)

He continues: “Praxeology is indifferent to the ultimate goals of action. Its findings are valid for all kinds of action irrespective of the ends aimed at. It is a science of means, not ends” (15). Thus, Mises holds that ultimate ends are subjective, and to the extent that he maintains the view of Böhm-Bawerk, also intrinsic (possessing value for its own sake). However, Mises does think that it could be conceivable for means to have objective extrinsic value, i.e., that it could be objectively determined what means are best suited to reach a chosen end.¹²

This is the meaning of subjectivism in praxeology, and Mises explains that “[a]t the same time it is in this subjectivism that the objectivity of our science lies” (21), and that

[b]ecause it is subjectivistic and takes the value judgments of acting man as ultimate data not open to any further critical examination, it is itself above all strife of parties and factions, it is indifferent to the conflicts of all schools of dogmatism and ethical doctrines, it is free from valuations and preconceived ideas and judgments, it is universally valid and absolutely and plainly human. (21)

It is thus entirely likely that Mises adheres to Hume’s law, i.e., that it is impossible to deduce ethical principles from descriptive premises. But even if Hume’s law is wrong, Mises seems to have believed that economics, as well as praxeology, should be distinct from philosophy and ethics, and this would then probably have made him reach the same conclusion, i.e., that economics and praxeology are a science of means, not ends.

Mises's view is certainly not the view of Rand, who actually claims to have derived ethical principles from descriptive premises.¹³ Interestingly, while Moore seems to have agreed with Mises on Hume's law—Moore held that the Good is indefinable—he also held the view that “it is the business of Ethics, I must insist, not only to obtain true results, but also to find valid reasons for them,” i.e., that values are objective (Moore [1903] 1962, sect. 14, 20).

And this brings me to Mises's apriorism. That which links Mises and Moore is Moore's claim that the science of ethics should try to find valid reasons for true results for what is good basically by finding principles that are self-evident, i.e., a priori. In that way, it could objectively be argued that something is good, as Moore claims. And these good things would then be of intrinsic value. Thus, there seems to be some kind of relation between intrinsic value and apriorism. If, for example, the Intrinsically Good is not definable, and cannot be derived from descriptive premises, then it remains that it has to be self-evident. Apriorism is also based on what appears to be self-evident (like the Action Axiom).¹⁴ Let's see how this Austrian Apriorism relates to Rand.

Apriorism: Aristotelian and Kantian

While Hülsmann (2003, lii) notes that it seems clear that Menger and Böhm-Bawerk were largely influenced by Aristotelian thought, he also notes that “in Mises's case there is the difficulty posed by the ‘Kantian’ language in his statements on the epistemology of economics. But a closer look at Mises's actual economic writings clearly reveals that he stands firmly in the traditional Austrian line of Aristotelian realism.” Indeed, those familiar with Rand's writings could easily get the impression that Kant and Aristotle had nothing in common at all, but as Sciabarra (2000) clearly shows, this is not the case. And this actually opens up for the possibility that some of the aspects in which Mises was influenced by Kant may yet be Aristotelian in nature. The opposition between Aristotle and Kant need not be as strong as some seem to believe.

Interestingly, Sciabarra (2000, 56–57) also notes that “in Kant's

transcendental dialectic, the notion of a coordinated reciprocity within an organic unit is a ‘completely a priori’ imposition of the mind on the external world, a product of ‘pure reason, and inferred concepts whose object cannot be given empirically at all and which therefore lie entirely outside the range of our power of pure understanding’.” Here we see that the organic whole discussed above also was present in Kant’s work, and, moreover, that this was an important part of Kant’s apriorism, the latter apparently so significant in Mises’s works.

Mises writes that the “statements and propositions [of praxeology and economics] are not derived from experience. They are, like those of logic and mathematics, a priori. They are not subject to verification or falsification on the ground of experience and facts” ([1949] 1998, 32). Indeed, as Hülsmann (2003, 1) notes, “Mises asserted that to some extent it was possible to gain knowledge about the material world through an exercise of ‘pure reason’—that is, without reliance on information mediated through the human senses.” According to Mises’s aprioristic view, from self-evident truths, like the fact that humans act, or a statement like “it is not possible for something to be created out of nothing,” other truths could be deduced by the use of reason and logic.

However, in relation to this, it is interesting to note that Murray Rothbard (1957) defends apriorism on Aristotelian grounds. He argues:

Whether we consider the Action Axiom “a priori” or “empirical” depends on our ultimate philosophical position. Professor Mises, in the neo-Kantian tradition, considers this axiom a *law of thought* and therefore a categorical truth *a priori* to all experience. My own epistemological position rests on Aristotle and St. Thomas rather than Kant, and hence I would interpret the proposition differently. I would consider the axiom a *law of reality* rather than a law of thought, and hence “empirical” rather than “a priori.” But it should be obvious that this type of “empiricism” is so out of step with modern empiricism that I may just as well continue to call it *a priori* for present purposes. For (1) it is a law of reality that

is not conceivably falsifiable, and yet is empirically meaningful and true; (2) it rests on universal *inner* experience, and not simply on external experience, that is, its evidence is *reflective* rather than physical; and (3) it is clearly *a priori* to complex historical events.

He thus attempts to base Mises's aprioristic Action Axiom on experience while still viewing it as *a priori*. However, is it not the case that *a priori* knowledge is that which is not empirical, i.e., prior to experience? It is thus impossible to defend aprioristic axioms by saying that they come from experience. Rothbard (1957) admits above: "I would consider the axiom a law of reality rather than a law of thought, and hence 'empirical' rather than 'a priori.' But it should be obvious that this type of 'empiricism' is so out of step with modern empiricism that I may just as well continue to call it a *a priori* for present purposes." It should be noted too that Smith (1990; 1996) argues that Mises's apriorism isn't Kantian at all, but rather Aristotelian, while Verhaegh (2004) argues that Mises in fact was Kantian. And as Sciabarra (2000, 55 n. 11) notes, "Rothbard reminds us that . . . Paul Lorenzen and other German Kantians have viewed Kant as a realist Aristotelian. This school of thought greatly influenced the Misesian theorist Hans-Hermann Hoppe."¹⁵ This particular topic is far from settled and clearly involves difficult philosophical inquiries.

Returning to Rand, one finds an apparent difference between Mises's apriorism and Rand's Objectivist view.¹⁶ For example, Peikoff (1991, 151) writes that "[m]an's knowledge is not acquired by logic apart from experience or by experience apart from logic, but by the application of logic to experience. All truths are the product of a logical identification of the facts of experience."¹⁷ But taken that the apriorism could be Aristotelian in nature, and that Kant actually was influenced by Aristotle, even this apparent difference might be little or no difference at all. Still, Mises claims that truths are not derived from experience while Objectivism claims that they are derived from the facts of experience—apriorism against a kind of empiricism (although not the ordinary kind). Mises believes in subjective and possibly also intrinsic values (in Moore's sense), while Rand affirms

objective and relational values. These differences are hard to resolve.

Concluding Remarks

There is much common ground in Rand and the Austrians. It seems to be a well-established fact that there are similarities between Rand and Menger, despite the objectivist/subjectivist issue. Once we concede that something can be of intrinsic value, in Moore's sense, I believe many of the differences between Austrian subjectivism and Rand's Objectivism vanish.

I think it is tempting to adhere to Hume's law, but that ethics could very well be an objective science, just as Rand held. At the same time, the science of economics should focus on trying to find objective economic principles, but in doing so should avoid the ethical dimension, leaving it to the science of philosophy. This seems only to be possible by treating the ultimate ends (of intrinsic value) of people as given—they might as well be totally subjective—and instead study the means by which people try to reach their ends. Making this distinction would keep the economic science objective as well, i.e., *wertfrei*, just as Mises claims. And values of ultimate ends still could be objective, as well as those of means, perfectly in accordance with Rand. The major tool for finding objective economic principles would be apriorism, I am sure, since aprioristic principles, and principles correctly deduced from them, are valid as they are.

But the question still remains—what view is the correct one, the Kantian aprioristic or the Aristotelian (empiricist) aprioristic? I believe this is a more crucial question than the question of subjective vs. objective values, means vs. ends, or intrinsic vs. extrinsic values. This question is far from settled and involves complex philosophical inquiries. Nevertheless, I find it tempting to believe that we can gain knowledge through the faculty of reason both in an a priori way and from experience. On the one hand, one could gain knowledge a priori by means of pure reason, in the way logic or mathematics is a priori to experience, and make deductions and inferences from this. If they are logically correct deductions, based on self-evident principles, they need not be empirically verified but are valid in their entirety. On the

other hand, the faculty of reason would also infer and deduce from experience, i.e., from the five senses, introspection, and memory.¹⁸ These two ways could work together, “via a complex mixture of empirical and a priori considerations,” as Smith puts it. For example, the (Kantian) aprioristic theories would naturally be tested empirically to prevent any imposition of false ideas on reality. It is indeed “a scientific commonplace” that “[t]heories and hypotheses which prove unreliable will be slowly filtered out” (Smith 1996). At the same time, pure reason could serve as input to interpret the real world experience.

Much work surely has to be done. I will not claim to have any final answers in these intricate matters. Nevertheless, I hope I have introduced some avenues of thought worthy of further exploration.

Acknowledgments

This paper is a considerable expansion and re-thinking of Johnsson (2003a–b). I would like to thank George Reisman, Larry Sechrest, Ed Younkins and Lindsay Perigo for supporting and discussing the earlier version of this paper, and Michael Huemer for constructive critique. I also would like to thank Larry Sechrest and Robert Campbell for commenting on this version of the paper, and most of all, the editor, Chris Matthew Sciabarra. All of the contents of this paper express my opinions and not those of the aforementioned persons.

Notes

1. When comparing the value theories of Rand and Menger, it should be noted that while Rand believed her theory to be valid for all kinds of values, Menger in his 1871 *Principles of Economics* is only referring to economic goods. Rand (1967, 24) distinguished between “philosophically objective values” and “socially objective values,” where the latter kind reflects the market value. See Sciabarra 1995, 292–93 on this issue.

2. It is possible that other thinkers have important things to say on this subject, but at the moment I will mostly deal with those mentioned so far.

3. Relational values have also been called “agent-relative” values or, as by Hülsmann (2003, xxxvi), “bilateral.”

4. On the same page, Menger notes that “[r]egarding this knowledge, however, men can be in error about the value of goods just as they can be in error with respect to all other objects of human knowledge.”

5. For example, Hülsmann (2003, xiii) states that “[t]he discovery that economic goods were evaluated at the margin, rather than in one blob, went hand-in-hand with the discovery of another important principle, namely, the principle of subjectivism. Evaluation at the margin meant in fact nothing else but that there was some individual who did the evaluation. In other words, the marginal utility of an economic good depended essentially on the individual person *for whom* the marginal unit under consideration was useful.”

6. This passage from Aristotle appears as “without the necessities even life, as well as the good life, is impossible” in the Rackham translation and as “no man can live well, or indeed live at all, unless he be provided with necessities” in the Jowett translation.

7. Looked at from the opposite side, if a thing possessed equal value regardless of the context, it would imply universal value (constant over all contexts). But this was more or less the claim of the labor theory of value, a view Menger, Léon Walras, and Stanley Jevons, the other two that independently formulated the theory of marginal utility in 1871, had refuted by their work. The labor theory of value is sometimes referred to as “objective” (i.e., intrinsic in the Randian sense), but it is perhaps rather the claim that values are universal that is the correct label.

8. This could be an analogy to Hayek’s (1945) reference to “the knowledge of the particular circumstances of time and place.”

9. In the history of philosophy, what Rand called “intrinsicism” is known as “classical objectivism”. Thus Ross’s choice of word.

10. And I myself (in Johnsson 2003a–b) have argued earlier in favor of extrinsic, relational values like Menger and Rand, but, as I suggest here, I find Moore’s writings convincing in this respect.

11. The reference in Sciabarra 2000 to *Topics* (6.13.150a15-150b27) reads “the whole is not the sum of its parts,” i.e., slightly differently. My wording refers to the W. A. Pickard-Cambridge translation.

12. Mises ([1949] 1998, 120) notes that “[t]he praxeological notion of utility (*subjective use-value* in the terminology of the earlier Austrian economists) must be sharply distinguished from the technological notion of utility (*objective use-value* in the terminology of the same economists). Use-value in the objective sense is the relation between a thing and the effect it has the capacity to bring about.” This is exactly Böhm-Bawerk’s view, as described above.

13. Mises ([1949] 1998, 19) also challenges Rand’s standard of value by stating that “[t]he impulse to live, to preserve one’s own life, and to take advantage of every opportunity of strengthening one’s vital forces is a primal feature of life, present in every living being. However, to yield to this impulse is not—for man—an inevitable necessity.”

14. For example, I believe it is self-evident that murdering innocent people is wrong. I also find it self-evident that people act. There are differences between the ethical position and the praxeological, but also clear similarities. People might say they disagree with either of these two statements, but still, the opposites, i.e., that murdering innocents is right and that people don’t act, are not very convincing.

15. Interestingly, Kant (1787/1929, Introduction, B1–2; 41) discusses this relation between a priori and experience at length (and despite the title actually is claiming to be defending pure reason):

There can be no doubt that all our knowledge begins with experience. For how should our faculty of knowledge be awakened into action did not objects affecting our senses partly of themselves produce representations, partly arouse the activity of our understanding to compare these representations, and, by combining or separating them, work up the raw material of the sensible impressions into that knowledge of objects which is entitled experience? In the order of time, therefore, we have no knowledge antecedent to experience, and with experience all our knowledge begins. . . . [W]hether there is any knowledge that is thus independent of experience and even of all impressions of the senses. Such knowledge is entitled a priori, and distinguished from the *empirical*, which has its sources a posteriori, that is, in experience.

But Kant also claims that there is some confusion regarding the a priori character of knowledge. Here is an example:

[W]e would say of a man who undermined the foundations of his house, that he might have known a priori that it would fall, that is, that he need not have waited for the experience of its actual falling. But still he could not know this completely a priori. For he had first to learn through experience that bodies are heavy, and therefore fall when their supports are withdrawn. . . . In what follows, therefore, we shall understand by a priori knowledge, not knowledge independent of this or that experience, but knowledge absolutely independent of all experience. . . . What we here require is a criterion by which to distinguish with certainty between pure and empirical knowledge. . . . Necessity and strict universality are [the] sure criteria of a priori knowledge, and are inseparable from one another. (B3–4; 43)

And then he parts with empiricism by asking whether

it is possible to show that pure a priori principles are indispensable for the possibility of experience, and so to prove their existence a priori. For whence could experience derive its certainty, if all the rules, according to which it proceeds, were always themselves empirical, and therefore contingent? (B5; 45)

16. This difference is also noted by Salsman (1995b), who even scorns John Stuart Mill's and Mises's apriorism as lacking any foundation at all.

17. Sciabarra (1995, 425, n. 70) mentions that Leonard Peikoff in a 1976 taped lecture series on the philosophy of Objectivism argued that there was only a terminological difference between Rand's "socially objective values" and the Austrian "subjective" values. This seems to be too simple to be true, and I hope the reader will agree on that by now.

18. Some people—for example, some Austrians—seem to have the view that the a priori comes from introspection, but introspection clearly is not the source of a priori knowledge. Introspection is rather the direct awareness of one's mental states. And, for example, Rand, the empiricist, often wrote about introspection as a useful tool, so this perhaps is not much of an issue to discuss.

References

- Aristotle. n.d. *Topics*. W. A. Pickard-Cambridge translation. Online at: <<http://www.non-contradiction.com/>>.
- _____. n.d. *Politica*. Rackham translation. Online at: <<http://www.non-contradiction.com/>>.
- _____. n.d. *Politics*. Jowett translation. Online at: <<http://www.non-contradiction.com/>>.
- Böhm-Bawerk, Eugen von. [1884] 1959. *Capital and Interest*. 3 volumes: I. History and Critique of Interest Theories; II. Positive Theory of Capital; III. Further Essays on Capital and Interest. Translated by Hans F. Sennholz. South Holland, Illinois: Libertarian Press.
- Buechner, N. M. 1995. Objective values vs. modern economics. 6 audio lectures. New Milford, Connecticut: Second Renaissance Books.
- Den Uyl, Douglas J. and Douglas B. Rasmussen. 1985. Chapter(s) in *The Philosophical Thought of Ayn Rand*. Urbana: University of Illinois Press.

- Hayek, F. A. 1945. The use of knowledge in society. *American Economic Review* 35, no. 4: 519–30. Online at: <<http://www.virtualschool.edu/mon/Economics/HayekUseOfKnowledge.html>>.
- Huemer, Michael. 2002. Is benevolent egoism coherent? *The Journal of Ayn Rand Studies* 3, no. 2 (Spring): 259–88.
- Hülsmann, J. G. 2003. From value theory to praxeology. Introduction to the third English edition of Ludwig von Mises's 1933 *Epistemological Problems of Economics*. Translated by George Reisman. Online at: <<http://www.mises.org/epofe.asp>>. Auburn, Alabama: Ludwig von Mises Institute.
- Johnsson, Richard. C. B. 2003a. Austrian subjectivism vs. objectivism, part I. *The Free Radical* 55 (March–April): 26–29.
- _____. 2003b. Austrian subjectivism vs. objectivism, part II. *The Free Radical* 56 (May–June): 24–26.
- Kant, Immanuel. 1787/1929. *Critique of Pure Reason*. Translated by Norman Kemp Smith. Original publication dated 1781, but the translation is of the second 1787 edition. Pagination refers to the original 1929 translation. Online at: <<http://www.arts.cuhk.edu.hk/Philosophy/Kant/cpr>>. New York: Macmillan.
- Menger, Carl. [1871] 1994. *Principles of Economics*. Translated by James Dingwall & Bert F. Hoselitz. Grove City, Pennsylvania: Libertarian Press.
- Mises, Ludwig von. [1949] 1998. *Human Action: A Treatise on Economics*. Scholars Edition. Auburn, Alabama: Ludwig von Mises Institute. Online at: <<http://www.mises.org/humanaction.asp>>.
- Moore, G. E. [1903] 1962. *Principia Ethica*. Cambridge: Cambridge University Press.
- Peikoff, Leonard. 1991. *Objectivism: The Philosophy of Ayn Rand*. New York: Dutton.
- Rand, Ayn. 1964. The Objectivist ethics. In *The Virtue of Selfishness: A New Concept of Égoism*. New York: New American Library, 13–35.
- _____. 1967. What is capitalism? In *Capitalism: The Unknown Ideal*. New York: Signet Books, 11–34.
- Reisman, George. 2001. Environmentalism refuted. *Mises Institute Daily Article*. Posted 20 April. Online at: <<http://www.mises.org/fullstory.asp?control=661>>.
- Ross, W. D. [1930] 1955. *The Right and the Good*. Oxford: Oxford University Press.
- Rothbard, Murray. 1957. In defense of extreme apriorism. *Southern Economic Journal* (January): 314–20. Reprinted in *The Logic of Action One*, by Murray Rothbard. Lyme, New Hampshire: Edward Elgar, 1997: 100–108. Online at: <<http://www.mises.org/rothbard/extreme.pdf>>.
- Salsman, Richard. 1995a. The philosophy of the Austrian school of economics. 6 audio lectures. New Milford, Connecticut: Second Renaissance Books.
- _____. 1995b. Economic man: An obituary. 2 audio lectures. New Milford, Connecticut: Second Renaissance Books.
- Sciabarra, Chris. Matthew. 1995. *Ayn Rand: The Russian Radical*. University Park: Pennsylvania State University Press.
- _____. 2000. *Total Freedom: Toward a Dialectical Libertarianism*. University Park: Pennsylvania State University Press.
- Sechrest, Larry J. 2004. Praxeology, economics, and law: Issues and implications. *Quarterly Journal of Austrian Economics* 7, no. 4 (Winter): 19–40.
- Smith, B. 1990. The question of apriorism. *Austrian Economics Newsletter* (Fall).
- _____. 1996. In defense of extreme (fallibilistic) apriorism. *The Journal of Libertarian Studies* 12, no. 1 (Spring): 179–92.
- Verhaegh, M. 2004. The critical Mises. Working paper. Auburn, Alabama: Ludwig von Mises Institute (20 September).
- Youngkins, Edward W. 2003a. Developing a paradigm for a free society: The contributions of Mises, Menger, and Rand. *Le Québécois Libre*. Online at:

- <<http://www.quebecoislibre.org/030510-9.htm>>.
- _____. 2003b. What an Austrian-Objectivist paradigm for a free society might look like. *Le Québécois Libre*. Online at: <<http://www.quebecoislibre.org/030719-16.htm>>.
 - _____. 2003c. Austrian economics can be compatible with Objectivist ethics. *Le Québécois Libre*. Online at: <<http://www.quebecoislibre.org/030927-2.htm>>.
 - _____. 2003d. Metaphysics and epistemology for a free society: The views of Menger, Mises, and Rand. *Le Québécois Libre*. Online at: <<http://www.quebecoislibre.org/031220-17.htm>>.