

SCALE OF VALUES VIOLATES SINGULARISM

By William Barnett II* and Walter Block*

Abstract:

There is at the very least a tension between two basic building blocs of Austrian economics. The doctrine of singularism maintains that choice is inevitably and necessarily between two and only two things: that which is chosen, and the next best alternative, which is set aside. However, implicit in the concept the scale of values is the claim that choice can take place over many, many alternatives. If one of these has to be jettisoned, and we argue that one must be, then we vote for the latter.

Key words:

Scale of values, singularism, binary, transitivity, Austrian economics, praxeology, market process, demand curve

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I. Introduction

The scale of values, the subject of section II, plays an important role in Austrian economics in the derivation of the demand curve. Typically, horses and cows (Menger), or fish and horses (Rothbard) are ranked together with other things of value; the economic actor is presumed able to rate them in a preference order. Singularism, to be discussed in section III, in contrast, is the praxeological insight that all human choice constitutes a setting aside of all options, save one. Only a single thing can be chosen at a given time. All else must be jettisoned. In section IV we demonstrate that these two building blocks of Austrian economics are logically incompatible with one another. We attempt to solve this dilemma in concluding section V by choosing singularism and rejecting the scale of values.

II. Scale of values

Rothbard (2004, 107-108) offers the following:

“An individual will decide whether or not to make an exchange on the basis of the relative positions of the two goods on his value scale. Thus, suppose the value scale of Smith, the possessor of the fish, is as follows:

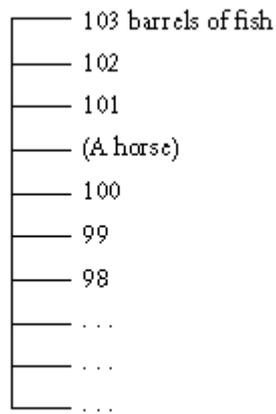


FIGURE 8. SMITH'S VALUE SCALE

Suppose Johnson's value scale looks like this:

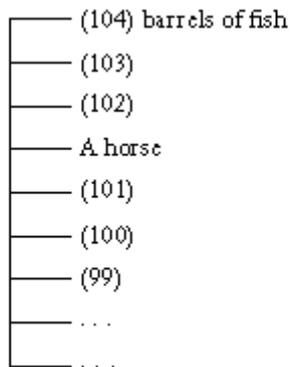


FIGURE 9. JOHNSON'S VALUE SCALE

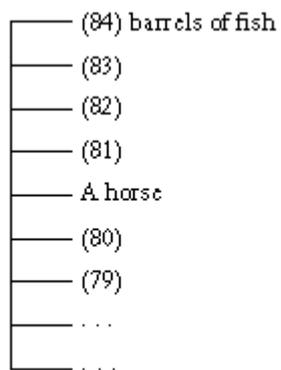


FIGURE 10. JOHNSON'S VALUE SCALE

And again, Rothbard (2004, 123):

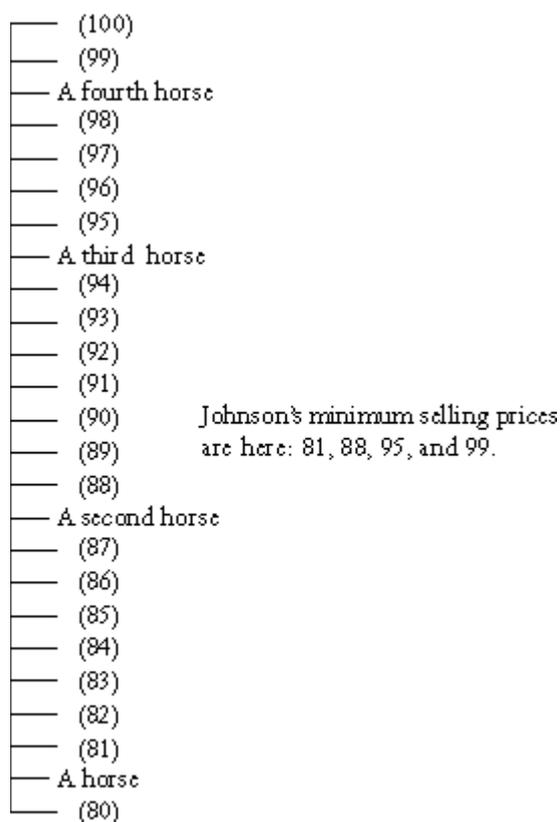


FIGURE 15. JOHNSON'S VALUE SCALE

A not too dissimilar schema is offered by Menger (1950, chapter 4, footnotes deleted);

“For greater clarity, let us cast the situation just described in numerical form (pp. 125ff.). We can represent the graduated importance of the satisfactions that are provided for by the possessions of the two frontiersmen with a set of numbers that decrease in arithmetic series, with the series 50, 40, 30, 20, 10, 0, for example.

“Assuming that A, the first frontiersman, has 6 horses and only one cow, while B, the other frontiersman, has one horse and 6 cows, the successive degrees of importance of the satisfactions provided for by the possessions of the two persons can be represented in the following table:

| A | | B | |
|--------|------|--------|------|
| Horses | Cows | Horses | Cows |
| 50 | 50 | 50 | 50 |
| 40 | | | 40 |
| 30 | | | 30 |
| 20 | | | 20 |
| 10 | | | 10 |
| 0 | | | 0 |

“From what was said in the first section of this chapter, it is easily seen that the basis for economic exchange operations is here present. The importance a horse has to A is equal to 0, and the importance a second cow would have to him is equal to 40. On the other hand, a cow has a value of 0 to B, while a second horse would have a value of 40 (p. 131). Thus A and B could both provide considerably better for the satisfaction of their needs if A were to give B a horse and if B were to give A a cow in exchange. There is no doubt that they would actually undertake this exchange if they are economizing individuals.

“The importance of the satisfactions that are provided for by the possessions of the two persons after this first exchange will be as follows:

| A | | B | |
|--------|------|--------|------|
| Horses | Cows | Horses | Cows |
| 50 | 50 | 50 | 50 |
| 40 | 40 | 40 | 40 |
| 30 | | | 30 |
| 20 | | | 20 |
| 10 | | | 10 |

“It is easily seen that each of the two traders obtained an economic gain from this first exchange equivalent to the gain that would accrue to him if his wealth had been increased by a good whose value to him is equal to 40.^[4] But it is just as certain that the basis for economic exchange operations has by no means been exhausted by this first exchange. For a horse still has much less value to A than an additional cow would have (10 as compared with 30), whereas a cow has a value of only 10 to B while an additional horse would have a value of 30 (three times the value of a cow). It is therefore in the economic interest of both economizing individuals to undertake a second exchange operation.

“The situation after the second exchange can be represented as follows:

| A | | B | |
|--------|------|--------|------|
| Horses | Cows | Horses | Cows |
| 50 | 50 | 50 | 50 |
| 40 | 40 | 40 | 40 |
| 30 | 30 | 30 | 30 |
| 20 | | 20 | |

“It can be seen that each of the two persons derived an economic gain that is no less than if their wealth had been increased by a good valued at 20.

“Let us see whether there is a basis for further economic exchange operations even in this situation. A horse has an importance of 20 to A; an additional cow would also have an importance of 20 to him; and B is in a similar position. From what has been said, it is evident that an exchange of one of A’s horses for one of B’s cows under such conditions would not be worth while since there would be no economic gain at all.

“But suppose that A and B should nevertheless enter into a third exchange. If performance of the exchange did not require any appreciable economic sacrifices (costs of transport, loss of time, etc.) it is evident that the economic positions of the two men would be neither injured nor improved. After this third exchange their positions would be as follows:

| A | | B | |
|--------|------|--------|------|
| Horses | Cows | Horses | Cows |
| 50 | 50 | 50 | 50 |
| 40 | 40 | 40 | 40 |
| 30 | 30 | 30 | 30 |
| | 20 | 20 | ” |

To be sure, there are some differences between the Rothbard and Menger renditions of value rankings. In the former case there are only goods (horses and fish). In the latter, in addition to there being horses and cows, there are also, unhappily,¹ levels of utility. But that is irrelevant to our present concerns. Here, we focus, only, on the fact that both of these economists utilize value scales.

That is, economic actors are seen by Rothbard and Menger as being able to make *several* rankings all at the *same* time. It is difficult to see how this assessment can be avoided. In Rothbard's schema, for example, Johnson prefers 102 barrels of fish to one horse, and one horse to 101 barrels of fish, along with numerous other rankings, all at the exact same contemporaneous time period.

III. Singularism

Mises (2004, 44-46

<http://www.mises.org/humanaction/chap2sec5.asp>) addresses this topic as follows:

No less than from the action of an individual praxeology begins its investigations from the individual action. It does not deal in vague terms with human action in general, but with concrete action which a definite man has performed at a definite date and at a definite place. But, of course, it does not concern itself with the accidental and environmental features of this action and with what distinguishes it from all other actions, but only with what is necessary and universal in its performance.

The philosophy of universalism has from time immemorial blocked access to a satisfactory grasp of praxeological problems, and contemporary universalists are utterly incapable of finding an approach to

¹ For a critique of this concept, see Rothbard (1997).

them. Universalism, collectivism, and conceptual realism see only wholes and universals. They speculate about mankind, nations, states, classes, about virtue and vice, right and wrong, about entire classes of wants and of commodities. They ask, for instance: Why is the value of "gold" higher than that of "iron"? Thus they never find solutions, but antinomies and paradoxes only. The best-known instance is the value-paradox which frustrated even the work of the classical economists.

Praxeology asks: What happens in acting? What does it mean to say that an individual then and there, today and here, at any time and at any place, acts? What results if he chooses one thing and rejects another?

The act of choosing is always a decision among various opportunities open to the choosing individual. Man never chooses between virtue and vice, but only between two modes of action which we call from an adopted point of view virtuous or vicious. A man never chooses between "gold" and "iron" in general, but always only between a definite quantity of gold and a definite quantity of iron. Every single action is strictly limited in its immediate consequences. If we want to reach correct conclusions, we must first of all look at these limitations.

Human life is an unceasing sequence of single actions. But the single action is by no means isolated. It is a link in a chain of actions which together form an action on a higher level aiming at a more distant end. Every action has two aspects. It is on the one hand a partial action in the framework of a further-stretching action, the performance of a fraction of the aims set by a more far-reaching action. It is on the other hand itself a whole with regard to the actions aimed at by the performance of its own parts.

It depends upon the scope of the project on which acting man is intent at the instant whether the more far-reaching action or a partial action directed to a more immediate end only is thrown into relief. There is no need for praxeology to raise questions of the type of those raised by *Gestaltpsychologie*. The road to the performance of great things must

always lead through the performance of partial tasks. A cathedral is something other than a heap of stones joined together. But the only procedure for constructing a cathedral is to lay one stone upon another. For the architect the whole project is the main thing. For the mason it is the single wall, and for the bricklayer the single stones. What counts for praxeology is the fact that the only method to achieve greater tasks is to build from the foundations step by step, part by part.

What the present authors take from this masterful statement is that human action is an “either/or” phenomenon. The human actor can do this *or* that, but not both. Yes, he can aim at building a cathedral, but is limited to placing *one* brick at a time on this edifice.

We take it that this is a praxeological, not an empirical claim. That is, it is *not* subject to refutation. For example, posit a bricklayer with very large hands, able to place not one but two bricks down on the foundation at one time. Or more reasonably, very small bricks, so that an ordinary mason can place two of them together. Would this be a refutation of Mises’ claim that only *one* thing can be done at a time? It would not. For, we would then redefine the units of bricks so as to defend this claim. For the ordinary worker, two small bricks would then become *one unit* of bricks. For the one with the large hands, two ordinary sized bricks would then become *one unit* of bricks.

Much the same treatment would be accorded the apodictic statement “two things cannot occupy the same place at the same time.” Any supposed “refutations” are dealt with in a similar manner. If it is claimed that, surely, two people can occupy the same room in a house at the same time, we refuse to define a room in a house as a place. If it is claimed that, surely, two people can occupy the same house at the same time, we refuse to define a house as a place. If it is claimed that, surely,

two people can occupy the same city block at the same time, we refuse to define a city block as a place.

IV. The contradiction

Given the above considerations, it is clear that there is a contradiction between Mises' theory of singularism, and the scales of values employed by both Rothbard and Menger. If the former is taken seriously, then only one human action can be undertaken at a time. If the latter are correct, *more than* only one human action can be undertaken at the same time.

What about the possible objection to this claim that a scale of values, as offered by Menger and Rothbard, does not constitute a human action, but, rather, merely, a listing of preferences? There are several responses to such a ploy. First, economics, praxeology, is only concerned with human action, nothing else. If such preference rankings do not constitute human action, then they have no place in economics in the first place. Second, these value scales most certainly are linked to human action. They state that, for instance, Smith prefers 101 bushels of fish to a horse, and a horse to 100 bushels of fish. That is, were he called upon to choose between 101 bushels of fish and a horse, he would pick the former. Were he called upon to choose between 100 bushels of fish and a horse, he would pick the latter. If this is not human action, it is difficult to know what constitutes human action.

V. Conclusion

Our solution to this conundrum is to eschew the scale of values, and to retain singularism. Why? It is our claim that Mises was correct, and Menger and Rothbard mistaken, on this matter. Economic action

consists of choosing one thing, and setting aside all others. It is logically impossible to do more than one thing at a time. Yet, that is precisely the implication of the scale of values.

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