

The Catalactic Point of View

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“Except in the fields of philology and logic, there are probably few cases in which one would be justified in devoting a whole article to the meaning of a single word” (Hayek 1967: 237). The opening sentence of Hayek’s article on the meaning of the word “social” recognizes the high bar that such a potentially pedantic peroration must pass. The reader must be paid back in sufficient added insight for agreeing to walk the abstruse path of a lengthy definitional exploration. The payoff can be high, Hayek argues, if contemporary parlance obscures rather than illuminates its object. He contends that “social”—a perfectly good word, when used properly—has become a veil rather than a torch. He seeks to rescue his favored meaning, denoting the emergent and spontaneous character of certain phenomena. The payoff to this particular article is to highlight the confused and confusing nature of constructivist phrases such as “social justice” or “social ends,” neither of which makes much sense if “social” means “spontaneous.”

Not happy to write a mere article defining a single word, Israel Kirzner’s *The Economic Point of View* offers a book-length summary and analysis of various definitions of “economics” from before Adam Smith through Mises and Robbins. Kirzner draws on a distinction between Type A and Type B definitions of economics (Kirzner 1960: 17). Type A definitions locate “economic” as a sphere of human activities, such as wealth, money, material provision, trade, or welfare. Type B definitions instead locate the “economic” as an aspect of all sorts of human activities, such as self-regarding behavior, economization, utility maximization, or choice under uncertainty. Kirzner identifies the progressive shift toward Type B definitions—the move from economics as a bounded subject to economics as a point of view—as a defining and salutary aspect of the evolution of economic ideas.

There is a real danger that such foundational inquiries descend into “wordy disquisitions, fertile in nothing but the stimulation of sterile controversies” (Kirzner *ibid.*: 7). Rather than getting to the business of doing social science, one can become mired in endless debates over what good social science looks like. Few economists have both the depth of insight to do good

economics and a capacity for articulating sophisticated understandings of fundamental methodological issues. Hayek and Kirzner—as well as Menger and Mises before them—possess both talents. Even their focused methodological writings perform the dual function of explicating what good social science looks like while also teaching us something real (albeit often abstract) about the social world.

Richard Wagner's *Mind, Society, and Human Action* (hereafter MSHA) is intellectually situated in the same vein as Hayek's inquiry into the nature of the social and Kirzner's conspectus of economic points of view. It confronts the same perils as these classic texts, and enjoys the same twofold success. Wagner's book can be read as one continuous and intensive meditation on "social economy," a term that denotes the bi-directional relationship between individual action and social order. Individual actions generate social order, but social order in turn shapes the minds from which actions spring. "Social economy" is a Type B definition, offering a perspective on social life generally—including politics and civil society—rather than focusing narrowly on markets.

Wagner's dual aims are to explore and exploit the vantage point of the Mengerian window on society. The Mengerian window contrasts with the Walrasian window, each taking their name from one of the founders of marginalist economics.¹ Both windows allow viewing of the same sorts of objects—social phenomena of various sorts—but reveal different things about them. The Walrasian window illuminates time-invariant relationships between variables of interest, or those that can be described in an equilibrium framework. It is the dominant window for contemporary economic theorizing. The Mengerian window instead illuminates causal-genetic processes that unfold in real time. Throughout the book Wagner details the aspects of that alternative window and defends its relevance for social science.

The plural, "aspects," is important here. In contrast with the definitions that Kirzner surveys, Wagner exhibits no impulse toward identifying *the* essence of good economic explanations. He variously describes his preferred approach as "a theory of social economy," a "non-equilibrium theory," "an emergent-dynamic research program," "a generative or emergent orientation toward economic phenomena," privileging ontological over epistemological concerns, utilizing "active" rather than "passive voice," and more concerned with understanding than with control.² He also offers a list of 6 presumptions constituting the "hard core" of the Mengerian approach (MSHA: 15). And all of these different modes of expression are in the first chapter. His exposition borders on the phenomenological, constantly shifting from one inflection point to another as he develops the distinction between Mengerian and Walrasian points of view. Rather than devoting his attention to a single point of

theoretical or methodological interest, he ceaselessly slides from one to another in the manner of a flirtatious social gadfly.

Wagner's flirtations aptly capture what makes the Mengerian window a worthy vantage point: the structured but non-mechanical nature of social processes. A single statement cannot exhaustively describe the various connections and relationships of a complex structure. So likewise a single theoretical tenet will not exhaust what an adequate social scientific window looks like. But this approach can also create barriers to entry. There is no singularly efficacious starting point for entering into Wagner's richly textured analysis. This difficulty may be enhanced by the book's central contrast between Walrasian and Mengerian windows, a classification that speaks particularly to research-oriented academic economists and omits the wide range of alternatives to these two approaches. Wagner wisely focuses his efforts by taking aim at the dominant research paradigm. But like any valuable piece of intellectual capital, his analysis can also serve purposes beyond those envisioned by its author.

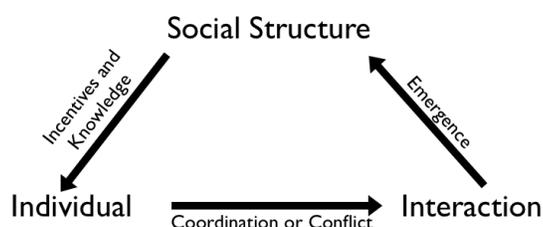
This essay briefly presents a diagrammatical exposition of the Mengerian-Wagner understanding of social processes. This exposition serves two ends. The first is to provide a framework that will make Wagner's analysis easier to digest. The diagram itself is simplistic. Its purpose is limited to furnishing a simple set of mental pegs on which to mentally arrange Wagner's various insights. Not all of those insights will hang easily on the furnished pegs. It would be impossible to exhaustively reduce the book's varied insights to the features of a single diagram, but it nonetheless functions to succinctly organize the bulk of Wagner's analysis. My second purpose is to broaden the range of Wagner's dialogue (or sparring) partners. The diagram illuminates some fundamental differences between alternative social-scientific approaches. Given limitations of space and my virtually complete sympathy with Wagner's Mengerian vision, these approaches will be painted in broad strokes and with a critical hue.

Catallaxy and Its Structure

Consider three definitions of economics:

1. Economics is a science of human action.
2. Economics studies exchange.
3. Economics explains the principles of spontaneous order.

Figure 1: Wagnerian Social Economy



Multiple thinkers in Wagner’s broad tradition espouse each of these definitions.³ Many espouse more than one. Buchanan (1964, 1996) identifies with both 2 and 3. Hayek dubs 1 the “pure logic of choice” and describes 3 as “that central question of all social sciences, how the combination of fragments of knowledge existing in different minds can bring about results which, if they were to be brought about deliberately, would require a knowledge on the part of the directing mind which no single person can possess” (Hayek 1937: 52). Mises (1949) utilizes distinctive terms for 1 and 2. Praxeology, definition 1, is the super-science of which economics is one branch. Catalactics, definition 2, is economics proper. Wagner employs Misesian terminology, but clearly draws on all three of these definitions in constructing his multi-faceted theory of social economy. Figure 1 diagrams the relationship between these three points of emphasis in Wagner’s work.

Wagner’s Mengerian window conceives of social phenomena as temporal processes with this fundamental structure. The three vertices—individual, interaction, and social structure—correspond to the three definitions of economics above and refer to three causal forces that constitute social phenomena.⁴ The arrows represent causal connections between those forces and thus the flow of real time. As such, there is no real distinction from this vantage point between social phenomena and (causal genetic) social processes. I have chosen generic labels for the vertices to facilitate brief comparisons with other schools of thought in the next section, but have labeled the arrows with the particular sorts of causality that Wagner emphasizes. The remainder of this section explains, comments, and expands upon Figure 1, taking the interstices first.

“Individual” refers to those features of human nature that propel social processes. Those features may be different from one theory to another. Wagner adopts Mises’s praxeology here, identifying human action as the fundamental feature of individuals that structures social order. There is a veneer of similarity here to standard rational choice economics,⁵ but, rather than understanding action as maximizing utility subject to constraints, Wagner conceives of action

as choice under uncertainty. Individuals, to relieve their felt uneasiness with a state of affairs, must imagine plans and then choose among them. Plans relate means to ends. The scarcity of means, including time, necessitates choices between plans. And those plans must be imagined because of uncertainty, which is simply to say that choice sets are open-ended. New options (plans) can be imagined, and existing options can be unknown, forgotten, or revised in light of new experiences.

Praxeology conceives of individuals as active agents of change rather than passively reacting to external stimuli. Wagner follows the modern Austrian approach of emphasizing entrepreneurship alongside economizing choice as a building block of social processes. For instance, rather than starting with a theory of consumer choice in which options are largely given—for instance, the array of goods on store shelves—Wagner begins with individuals as enterprising project-pursuers. This is a more dynamic but also more general theory than utility maximization. Wagner likewise follows modern Austrian praxeology in his consistent subjectivism and insistence on the universality of certain features of action. Individuals' plans are open ended, but all individuals strive to be more rather than less effective in the pursuit of their ends. Those universal features of action can be elucidated by “Robinson Crusoe economics” since they are features of individuals.

“Interaction,” through the Mengerian window, is seen as distinct and not reducible to the features of individual action. Social economy treats “Crusoe *in* society” rather than “Crusoe *as* society” (MSHA: 28-31). Exchange is the key form of interaction for Wagner, so he refers to the study of this step in social processes as catallactics. Of the three causal forces in Figure 1, I shall argue below, it is the most egregiously ignored by orthodox economics. For that reason it is appropriate to refer to Wagner's corrective Mengerian window, *pace* Kirzner, as the “catallactic point of view.” The key fact about human nature that makes interaction irreducible to action is *heterogeneity* of values, beliefs, purposes, plans, and ideas.

Heterogeneity belies the aggregation or averaging of subjective phenomena, and is implied by the full-blooded praxeology that Wagner adopts. Because other individuals can have radically different values and can imagine divergent opportunity sets, interaction gives rise to problems of intersubjectivity fundamentally distinct from the technological and allocational problems that Robinson Crusoe might face. How individuals can solve these intersubjective problems will depend on how they differ in their values and ideas, and moreover will profoundly affect the character of social processes. So while praxeology begins from universal features of human action, catallactics is concerned with historically contingent modes of exchange or, more broadly, the whole spectrum of modes of human interaction.

“Social structures” are rules, relations, and positions that are the result of human interaction (c.f. Lawson 1997). The most prominent sorts of social structures are institutions such as money and property rights. But more transitory entities such as firms and prices have emergent causal properties as well. Wagner often refers to them as “social configurations,” but for the sake of generality I have borrowed terminology from critical realist social ontology that Wagner also draws on. The Mengerian tradition has always granted reality—in the technical sense of causal efficacy—to social structures, even if it did not have modern realist terminology. Mises states baldly that, “It is uncontested that in the sphere of human action social entities have real existence. Nobody ventures to deny that nations, states, municipalities, parties, religious communities, are real factors determining the course of human events” (Mises 1949: 42).

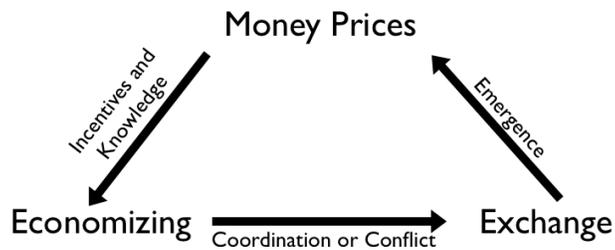
This point in the diagram corresponds to the third definition of economics above, the study of spontaneous order, but social structure is a more general category. What matters is not whether they are the results of human design but whether they have emergent causal properties irreducible to their elements, the actions of individuals. They have real effects and are not merely epiphenomenal. Planned organizations such as firms, for instance, must have emergent properties. Otherwise why go to the trouble of creating one? That said, spontaneous orders have analytic pride of place here for two reasons. First, there is little that is mysterious and thus scientifically interesting about planned structures. Second, even planned structures inevitably draw on spontaneous social structures such as language, cultural norms, legal systems, or markets in order to effectively plan.⁶

Wagner’s vision of social processes involves all three of these causal forces. The relationship between these forces would be poorly characterized by vectors of varying directions and magnitudes that push in some direction. Rather, these three forces are structurally interrelated, as depicted in Figure 1. Those relationships work as follows:

Individuals imagine and choose between plans. The plans they choose can either be coordinated or conflicting with the plans of others. Plans are coordinated if they are mutually consistent, and in conflict to the extent that they are not. Because of uncertainty and the passage of time, individuals initiate plans before knowing whether they will be consistent with others’ plans in the future. Those consistencies or inconsistencies are only revealed through interaction, such as attempting to sell a good one has brought to market.

Interactions predicated on consistent plans can reproduce social structures in their present form. Social structures, despite having irreducible

Figure 2: Wagnerian Price Theory



and distinct causal properties, do not exist independently of the actions that comprise them. They must be continually reproduced by the agents affected by them. If individuals cease buying and selling a particular service entirely, for instance, the price of that service necessarily disappears (except as an abstract idea).

Interactions predicated on inconsistent plans can either transform social structures or be revised according to existing structures to create consistency. If a new enterprise outcompetes an existing concern, that concern may go out of business or undergo reorganization. Alternatively, the older concern might call on other existing social structures such as courts or regulatory bodies to shut down its new rival, eliminating the inconsistency. This highlights the fact that the nature of the interaction between individuals determines when and which social structures are generated, reproduced, altered, or eliminated.

Social structures in turn “supervene” on individual planning (MSHA: 97). Wagner argues that it is just as sensible to speak of the macrofoundations of microeconomics as the other way around. Structures furnish both epistemic guidance and incentives for those engaged in the activity that they cover. Social positions, for instance, carry with them responsibilities and powers that form the basis of individual planning. Lachmann (1971) argues that institutions, structures that are reproduced over long periods of time, provide points of orientation for individual planning that bring expectations into alignment and reduce inconsistencies. And in order to last any length of time at all, social structures must provide incentives for their reproduction (Martin 2009). In cases where they do not, then they serve as instigators of change either of themselves or of other social structures.

Wagner’s treatment of the price system (MSHA: Ch. 5) offers a ripe example of the interplay between these three forces. Figure 2 replaces the abstract vertices of Figure 1 with more concrete instances of action, interaction, and social structure.

Robinson Crusoe confronts scarcity and thus makes choices about how to dispose of his available time and resources. Praxeology makes the common sense assumption that, even though choice is genuine, all individuals prefer to be more effective rather than less in the pursuit of their ends. Hence, choice can be described as “economizing.” The shift to Crusoe-in-society means that individuals can grapple with scarcity not only by their own faculties but also by exchanging with others. Economizing remains, but a new class of intersubjective problems is introduced. For instance, individuals might come into conflict over control of resources. Or, even if they are willing to cooperate and exchange with one another, they must imagine what others would be willing to trade for. With enough traders, “the resulting scope for comparisons of terms across transactions leads to the emergence of market prices” (MSHA: 95). Wagner deals briefly with the emergence of money as a natural concomitant of this process, reporting on agent-based results that conform closely to Menger’s (1892) story. Prices then supervene on the mind of individual agents, giving them both knowledge about relative scarcities and incentives to act on that knowledge.

Money facilitates future exchanges because it creates a common denominator for cardinal prices and serves as a general means for furthering one’s ends. Cardinality is an emergent feature of money prices. Individual valuations are strictly ordinal rankings of options. Even under barter, which deals with cardinal units of goods, there is no common denominator for calculating net gains or losses for any plan that involves combinations of different goods. Money prices thus enable economic calculation by individuals, who can use profit and loss as an epistemic guide for adjusting their actions to better facilitate exchange with others. Those profit and loss calculations also serve as a powerful incentive. A defining characteristic of money is that it is “commonly accepted” as a medium of exchange. This means that, for any end that depends on access to scarce and trade-able means, money is an effective means to that end.

The general schema of Figure 1 could be manipulated in any number of ways to reveal interesting connections between different points of view on the social world. For instance, one might include dashed arrows to represent time invariant relationships, introduce additional vertices, or draw arrows corresponding wholly different causal relationships. Doing so may help illuminate why different approaches reach different conclusions despite investigating the same social world. In order to constrain my analysis in light of these myriad possibilities, I focus only on two sets of omissions from Figure 1. The first set includes the actual omission of causal connections. The next section discusses them. The second set of omissions is the possible omission of some combination of the vertices, or causal forces. Each such omission

characterizes erroneous approaches to understanding the social world. These are explored in the fourth section.

Deliberate Omissions

Figure 1 omits several possible direct causal connections: interaction to individual, social structure to interaction, and individual to social structure. These omissions are deliberate, and speak to the underlying coherent structure of social processes despite their open-endedness. Individuals do not directly alter social structures except through interacting with other individuals. Social structures are only causally efficacious to the extent that they condition the attitudes, beliefs, expectations and incentives of others.⁷ I might declare myself to be the King of America, but will enjoy a king's privileges only if others grant them. Similarly, individuals only alter relative prices by finding others willing to trade with them.

Interaction, to the extent that it matters to social processes rather than one-shot situations, usually affects individuals through a medium of social structures. In doing so it either transforms or reproduces those structures. The most common example is language: individuals talk through both their agreements and disagreements. The ability of price, profit, and loss to communicate changes in consumer demand is another example. And the institutions governing an individual's rights and responsibilities will condition how he changes his plans in response to how interaction changes; whether an entrepreneur responds to a new competitor by altering his business practices or by seeking regulatory relief will depend on his legal environment.

Social structures, likewise, condition interaction through their effects on individual minds rather than directly. My knowledge of English serves only as an internal method of organizing my own thoughts if no one I am interacting with speaks it as well; that is, a language loses its emergent properties for coordinating interaction if other individuals do not speak it. Social structures, since they must be continually reproduced, must affect the minds of individual choosers in order to have any causal import.

Omitting the mediation of individual minds also eliminates the internal generation of turbulence and change. Without the possibility of individual entrepreneurs conceiving of new ways of doing things, dissenting from existing social structures, those structures would simply reproduce themselves *ad infinitum*. Interaction may give rise to novelty, but that novelty must be recognized and acted upon by individuals to have any lasting effect. Wagner's take on entrepreneurship and market prices is a prime example (MSHA: 85-7). Prices do condition the sorts of trades that individuals engage in. But prices change. So while most individuals take most prices as given at any one time,

some entrepreneurial individuals will imagine alternative uses for resources that may be profitable. Doing so requires offering at least one price (whether buying or selling) that is different than existing prices or introducing a new product or service that will compete with others. Relative prices change in either case. Such entrepreneurial moves mean that prices condition but do not determine individual action, as against a pure price-taking model.

Errors of Omission

The previous section explains why certain unmediated causal connections between individuals, interaction, and social structures are unlikely and thus can be safely omitted from a simple model of social order. These deliberate omissions speak to the importance of the three vertices as conditioning the nature of social processes. This section briefly explores what happens when one or more of those vertices are missing entirely. Each such omission, I argue, corresponds to a fundamental methodological error. In addition to identifying those errors, I point to social scientific approaches that tend to commit them. Usually such approaches do not expressly deny the existence of individuals, interaction, or social structures. Rather, they treat them as epiphenomenal: phenomena that are observable lacking any causal effects on social processes.

Atomism is the methodological error that denies causal power to social structures. Rules, relations, and positions are treated merely as patterns that lack any distinct power. They are entirely reducible to the actions and interactions of individuals. Sometimes this error plagues entire approaches to social science, sometimes only particular theories. An example of the latter is the idea that money is a veil, perfectly isomorphic to an array of barter prices, ignoring its capacity for enabling economic calculation. An approach that consistently struggles with this error is the use of game theory to explain social institutions. Institutions are treated as outcomes of a game. This is undoubtedly true, but it often makes the rules themselves wholly epiphenomenal. Individuals directly adjust their actions based on their expectations of other individuals' actions. Rules just are the resulting stable pattern of outcomes. Aoki (2001, Ch. 7-8) structures an entire textbook around this conundrum, attempting to develop a game theoretic approach that makes institutions neither-free floating entities nor mere epiphenomena.

Holism, conversely, denies the causal efficacy of individual action. Individuals merely dance on the strings of social structures, their interactions determined by causal forces beyond their control. Vulgar sociology and classical Marxian thought often fall prey to this temptation. "False consciousness" is fundamentally a claim that the human mind is epiphenomenal to the

relationships that constitute material production. Individual actions depend wholly on one's social class, a social structure that is part of the broader framework of the economic system. More recently, game theoretic work that treats entire classes as acting in unison succumbs to holistic temptations. Acemoglu and Robinson (2006), for instance, model elites and masses as choosing agents in their explanation of the emergence of democracy. The classic critique of this sort of argument is Olson's (1965) *Logic of Collective Action*, in which Olson shows how individuals frequently confront incentives created by social structures that undermine the interests of the broader group circumscribed by those structures. For instance, a small firm in a given industry can free ride on the lobbying efforts of larger firms to gain protection against foreign competitors. Notably, Wagner (1966) finds even Olson marginally lacking in this regard. His first publication reviewed Olson's book and took him to task for neglecting the entrepreneurial forces underlying the interplay of group interests.

Devoting sole attention to pressure groups is a version of the forest-trees paradox; particular features of the political environment are examined at the expense of fundamental essences. The particular feature is that some large-membership pressure groups exist in which the lobbying activity is a by-product of the provision of private services, while there simultaneously exists large-member latent groups that provide neither private nor lobbying services. The overlooked essence is that the political entrepreneur provides the key to understanding why certain groups receive real income increasing favors while others do not; favor-seeking activity results from the operation of democratic decision processes and not from pressure groups *per se*. (*ibid.*: 164-5).

Entrepreneurship entails a powerful role to individual minds in shaping social reality, though not an unlimited one. That is the error of *constructivism*, which springs from the omission of interaction from social processes. Of the three causal forces examined here I posit that interaction is the most commonly ignored. Constructivism runs rampant in modern social science. Interaction is difficult to analyze, which is why economists are so fond of assuming huge numbers of agents for analytic convenience. Large numbers are supposed to eliminate the problems of interaction by making individual actions infinitesimally important.⁸

Constructivism also rears its head any time social structures are treated as objects of choice. Ignoring interactions with other, heterogeneous agents with their own knowledge, values, and ideas can lead to collapsing social structures into the designs of individuals. Constructivism thus drops

spontaneous order from the account of social institutions. Hence North's favored expression, "Institutions are the *humanly devised* constraints that structure political, economic, and social interaction" (North 1991: 97, emphasis added).⁹ The problem is that "devising" is the action of an individual mind and ignores other people. This is not to deny that individuals sometimes devise institutions or other structures, but that they only have causal power through a medium of interaction. Others must buy into them. Like any plan of attack, they rarely survive first contact with those others (whether enemy or friend) unchanged. Wagner aptly describes how a constructivist approach only lends itself to a comparative static understanding of institutions such as property rights (MSHA: 41). By ignoring the process of bargaining and acceptance that interaction entails, it skips any real flow of time. This insight points to a deeper problem with omitting interaction: it quickly leads to more radical forms of reductionism.

Interaction is necessary to understand why social structures have emergent properties at all, for such properties stem from elements standing in some relationship to one another. It is no wonder that the constructivist approach reduces institutions to *constraints*, since constraints already exist in a Robinson Crusoe world. Omitting interaction ignores their genuinely emergent epistemic properties grounded in intersubjective understanding (c.f. Lachmann 1971; McCloskey 2010: Ch. 33). Constructivist accounts, absent genuinely interpersonal activity, lead social scientists to utilizing *aggregation* as a tool for deducing the properties of social structures. Aggregation substitutes addition for interaction.

To explain a social structure by aggregation is to depict it as a heap of individual qualities. Social choice theory sets out to perform this feat explicitly, attempting to derive social preferences by aggregating individual preferences. Arrow (1951) attempts to derive transitive, consistent choice rankings from individual preferences to no avail. Buchanan rightly takes this task to task: "But why should this sort of rationality be expected?" (Buchanan 1954: 116). One might also ask why, even if preferences were thought to exist at both the individual and social level, why aggregation would reveal them. A striking feature of social choice models is that individuals in the models do not actually interact in any meaningful way. Social choice theory depicts individuals making asocial, though collective, choices.

Omitting interaction means that heterogeneity is just an analytic nuisance. It becomes expedient to abstract from individual differences by depicting choice by representative agents between abstract goods. Representative agent models in turn make even aggregation an unnecessary step. Multiplying individual variables by n agents does not provide any new information, so just drop the n . Constructivism taken this far devolves fully

into atomism as well by depicting an entire economy as Robinson Crusoe. In Wagner's words, "Macro is micro spoken in a loud, booming voice." This is why representative agent modeling is the ultimate nuisance for Wagner: it takes the 'social' out of 'social economy' and, indeed, 'social science' (e.g., MSHA: 20) Omitting interaction is pernicious not only because it ignores spontaneity but also because it tends to undermine virtually all the other core features of sound social science. Wagner's catallactic point of view is more focused on avoiding that error than any other methodological position that I am aware of.

Conclusion

Richard Wagner's creative and incisive foray into the foundations of social science deserves wide readership. Its particular aim is far narrower than its potential applicability. The purpose of this essay has been to illuminate its versatility and provide an entry point for understanding how it is unique. The core of Wagner's vision, I posit, is the structured relationship between individual action, interaction, and social structures. These three causal forces are necessary constituents of a sound social scientific approach. They may not be exhaustive, but the omission of any one leads to fundamental misunderstandings of the social world.

There is one more aspect of Wagner's work worth mentioning that makes it a breath of fresh air in economic methodology. His concern is not the epistemological status of economic propositions. He spends little time on questions about how we can know, e.g., that choice is purposive, demand curves slope downward, or that monetary inflation can disrupt economic calculation. Such exercises in normative epistemology—asking why we should believe some propositions and not others—may have some value. But they have failed to significantly shift social scientific discourse in the direction that Wagner and other Mengerians would prefer.

Wagner instead pitches his inquiry as describing a functional research program. He focuses on doing economic research, not thinking economic thoughts. It is hard not to see his personal character reflected here. Wagner is a worker, frequently reminding his students, "Thinking without writing is just daydreaming." That attitude shines through in his methodology. Epistemological inquiries tend to converge a single standard (or simple set of standards) about what counts as a scientific belief. Wagner prefers a pluralistic approach that includes conceptual analysis, thought experiments, agent-based modeling, historical case studies, and other tools.

Despite being methodological, the focus of *Mind, Society, and Human Action* is always on the social world and not the mind of the social scientist. In this endeavor more tools are preferred to fewer. Those tools have different

advantages when investigating and applying different points of a complex research program. Wagner succeeds in outlining the contours of a productive and insightful research paradigm. Read it. Then get to work.

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Notes

¹ Wagner actually refers to his program as “neo-Mengerian” to contrast with Weintraub’s description of mainstream economics as “neo-Walrasian.” I have dropped “neo” for ease and felicity of expression.

² These statements occur on MSHA: 1, 2, 10, 13, 16-17, 23-24, and 24-26, respectively.

³ In claiming that Wagner is part of a broad tradition I have in mind Peter Boettke’s (2007) distinction between mainline and mainstream economics, as well as Wagner’s (2004) preferred label of “post-classical political economy.”

⁴ Sharing Wagner’s realist bent, I utilize ontological language to describe the vertices throughout. However, one could just as easily refer to epistemological “moments” distinctly treating individual minds, interaction, and social structures in social scientific analysis. This would be “catalactics and its structure” rather than “catallaxy and its structure,” but the central point would remain: errors take place when one skips steps, whether those steps are perceived as correlating to causal forces or being purely in the mind of the social scientist.

⁵ Wagner (MSHA: 20) offers the suggestive analogy of two parabola described by the functions x^2 and $-x^2$. Though opposites from a wider viewpoint, they share much in common near the origin where $x = 0$.

⁶ For instance, even Wagner’s pre-coordinated parade (MSHA: 18-19) draws extensively on spontaneously evolved institutions such as language, the positions and relations of marching bands, musical forms, aesthetic norms, and the expectations of parade spectators. A parade without those institutional shortcuts would be orders of magnitude more difficult to organize.

⁷ Lawson perceptively defines social structures as “reproduced interdependencies” (Lawson 1997: Ch. 12). Social structures would cease to be if individuals did not reproduce them. Martin (2009) argues that this implies that structures must be incentive compatible to continue in their current form.

⁸ Another trick is to use Nash equilibrium as a solution concept in game theory. The original purpose of game theory was to allow for genuine interaction, but the Nash solution is to take the other players’ moves as given (c.f. Mirowski 2002: 331-49).

⁹ I make no claim that North is consistent in treating rules as devised, for in the same paragraph he claims that they “evolve incrementally.” However, there is quite a bit of analytic constructivism in the new institutionalist paradigm. Olson (2000), for instance, treats social order as the intentional

creation of a stationary bandit. North, Wallis, and Weingast (2009) do basically the same thing in their analysis of natural state, except that the elites are a group rather than a stylized individual.

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