Appendices

1 Saving and dissaving in Böhm-Bawerk’s capital theory
2 Capital gains of productive goods - a refinement
3 On essentialism. Two competing conceptions
Appendix 1
Dissaving in Böhm-Bawerk’s capital theory

Consider some capital structure and a possible change in that structure. Böhm-Bawerk considers economies of which the population wishes to consume less, and also those of which the population wants to consume more than the 10 million years of available labour we assumed in chapter I.

For instance, he takes the case when consumers demand 12 million labour years worth of goods under the given circumstances of a current labour supply of 10 million years. This obviously means that the economy will face capital contraction, because overconsumption implies dissaving. The table shows the initial organisation of capital under step 0.

<table>
<thead>
<tr>
<th>Maturity class</th>
<th>STEP 0</th>
<th>STEP 1</th>
<th>STEP 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Replace</td>
<td>Amassed</td>
<td>Replace</td>
</tr>
<tr>
<td></td>
<td>t=−1</td>
<td>t=0</td>
<td>t=1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>0.5</td>
<td>4</td>
<td>0.5</td>
</tr>
<tr>
<td>4</td>
<td>0.5</td>
<td>3.5</td>
<td>0.5</td>
</tr>
<tr>
<td>5</td>
<td>0.5</td>
<td>3</td>
<td>0.5</td>
</tr>
<tr>
<td>6</td>
<td>0.5</td>
<td>2.5</td>
<td>0.5</td>
</tr>
<tr>
<td>7</td>
<td>0.3</td>
<td>2</td>
<td>0.3</td>
</tr>
<tr>
<td>8</td>
<td>0.4</td>
<td>1.7</td>
<td>0.4</td>
</tr>
<tr>
<td>9</td>
<td>0.3</td>
<td>1.3</td>
<td>0.3</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cap. goods</td>
<td>6</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Cons. goods</td>
<td>4</td>
<td>10</td>
<td>4*</td>
</tr>
<tr>
<td>Total goods</td>
<td>10</td>
<td>40</td>
<td>10</td>
</tr>
</tbody>
</table>

Table app.1  Capital structure and dissavings

Each step has been split up in a t=i and a t=i+1, i.e. a moment of shifting accumulated labour years into a new maturity class and into replacement of these labour years, and a moment representing the result of that process, respectively. The maturity class number 10 is the capital that has just been brought into existence by investment. Maturity class number 9 is the capital that has been invested the year before and for which it takes another nine years before the accumulation of labour enters consumer goods. Assume the economy at t=0, has 10 million labour years to supply, 4 million of which are used for the consumer goods industry. The second column shows how the replacement of each segment of capital, at t=−1, has been
distributed. It takes one million labour years to invest in the crudest and most recent segment, 0.3 labour years to add value to this segment and move it one period closer to maturity, etcetera. Total replacement adds up to 6 million years. This is also the amount of labour years that has been accumulated in the oldest segment (t=0, maturity class 1). The total capital stock is the aggregate of the ten maturity classes, each with a higher level of accumulation: 30 million labour years. Note that the population consumes a production that embodies a value of 10 million labour years (t=0, consumer goods). This means that social production equals social income because the labour force also comprises 10 million years. If this were to go on without fluctuations, size and structure of capital would be kept up just as it is for all steps t>0.

Steps 1 and 2 show the alternative possibility for t>0, of overconsumption. This type of dissaving is conceived in two steps as indicated by the shaded area in the table.\textsuperscript{1} In step 1, at t=1, capital goods will be subtracted from maturity class 2 and moved toward maturity class 1. To vary on one of the examples discussed above, sowing-seed is made brandy of instead of sown to grow new cereal.\textsuperscript{2} The accumulated total of capital goods at t=2 remains the same, because the equivalent of what is added to class 1 has been subtracted from class 2. The consumer goods industry now has at its disposal inputs worth 7 million of labour years. The 4 million labour years of value is added to these inputs, thus raising their finished product value to 11 million labour years. Without any extra replacement investment to keep up the oldest segment’s value of 7 million labour years, i.e. without changing the value of 1 million into 2 million in maturity class 1 at t=3, the accumulated value of capital in that class will fall back to 5 million. That is 1 million less than the stable state of step 0. The value of the total of segments of capital will fall to 29 million. But, according to the thought experiment, the economy needed 2 million extra for consumption. Therefore, in step 2, an additional 1 million of labour years will be subtracted from its allocation to the replacement of the oldest segment of capital. In other words, no adding of value takes place, at t=3, to the segment that belongs to maturity class 2. The labour set free by this process can be used to raise social income. In the table, this is shown by the figure 5\textsuperscript{*} (as opposed to 4\textsuperscript{*} under t=1) in the consumer goods rows. The end of the story is that these 5 million labour years of value will be added to the 7 million labour years worth of mature capital goods, so as to convert these into consumer goods. This will enable the population to consume an income of 12 million labour years, while only 10 million years of work is done.

\textsuperscript{1} Böhm-Bawerk proposes to consider my step 2 first and step 1 afterwards. The above treated order turned out to ease the representation. No aspects of the theory are violated by my representation.

\textsuperscript{2} …mit solchen Kapitalgütern, welche eine mehrfache Verwendung zulassen, vielleicht noch den Ertrag einer […] Million von Arbeitsjahren aus höheren in die erste Reifeklasse dirigieren… PTK p.150. Böhm-Bawerk uses the term Ertrag and Erträgnis in this context so as to refer to the stock of capital itself, and not for what it means in modern business economics, viz. ‘revenue’.
Appendix 2
Capital gains of productive goods - a refinement

The value of durable goods is equal to the sum of the services it offers to the owner. However, these services wear out over time, so that a discount is needed to set the present value. In case the durable good in question is fixed capital, like a machine, the renditions of service are twice dissociated from their role in the satisfaction of final needs. After machines have paid their service in production, the finished good or semimanufacture goes on to mature further.

Suppose, as in chapters I and II, the rate of discount is 5%, the capital good of which we want to know the value bears fruit (viz. another good) over six years, and that good takes another two years to mature. With this setting we follow Böhm-Bawerk’s own numerical example, but develop it in a spreadsheet. Discounting by the formula \( \frac{100}{(1+0.05)^2} \), which covers the assumed two years of extra maturity the owner of the original capital has to wait for, gives 90.70. The integrated interval in which the final produce of the capital goods (the renditions of service born by the product brought forth) reach their mature status is thus 8 years. Therefore the depreciation in the first year is equal to \( \frac{100}{(1+0.05)^8} = 67.68 \), and the total discounted value of the durable capital goods at the start of the first year equals 460.38. As semimanufactured goods, the value of the produce matures further outside the reach of the entrepreneur’s capital, to 100 in steps via 90.70 and 95.24. The increase in value, then, develops in steps of 4.54 and 4.76, respectively.

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Jan</th>
<th>31st Dec</th>
<th>Gross yield</th>
<th>Depreciation</th>
<th>Net yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>460.38</td>
<td>392.70</td>
<td>90.70</td>
<td>67.68</td>
<td>23.02</td>
</tr>
<tr>
<td>2</td>
<td>392.70</td>
<td>321.63</td>
<td>90.70</td>
<td>71.07</td>
<td>19.63</td>
</tr>
<tr>
<td>3</td>
<td>321.63</td>
<td>247.01</td>
<td>90.70</td>
<td>74.62</td>
<td>16.08</td>
</tr>
<tr>
<td>4</td>
<td>247.01</td>
<td>168.65</td>
<td>90.70</td>
<td>78.35</td>
<td>12.35</td>
</tr>
<tr>
<td>5</td>
<td>168.65</td>
<td>86.38</td>
<td>90.70</td>
<td>82.27</td>
<td>8.43</td>
</tr>
<tr>
<td>6</td>
<td>86.38</td>
<td>0</td>
<td>90.70</td>
<td>86.38</td>
<td>4.32</td>
</tr>
<tr>
<td>7</td>
<td>90.70</td>
<td>95.24</td>
<td>90.70</td>
<td>(value of produce)</td>
<td>95.24</td>
</tr>
<tr>
<td>8</td>
<td>95.24</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL YIELD:</td>
<td>544.20</td>
<td>83.84</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table app.2  Yield of capital goods

It follows that durable capital goods, as distinguished from durable goods in general, give rise to interest due to two causes. Produce to be rendered in the future bears interest originating in the mere current of time involved in the exhaustion of
the capital good. In chapter I we call this ‘the growth of value of future goods into presentness’.

For instance, produce already delivered bears interest due to the further development of semimanufactured into finished products, after it has left the owner of the capital goods under consideration. The former only must formally be imputed to durable capital, for the entrepreneur closes the account at the moment when the produce is separated from the machines.
Appendix 3
On essentialism. Two competing conceptions

Essentialism entails the belief that good science, in order to explain, picks out the joints of the world. So, in the realm of the economic, at which level of aggregation should one look for them? Two possibilities present themselves. One is the level of the individual with his intentions, the other is the level of social wholes. Austrian economics typically is methodologically individualist (MI). One of the theses of chapter II is that Böhm-Bawerk’s MI was essentialist. Uskali Mäki believes that this can be said of Menger, Mises, and Hayek as well. But this notion, viz. that of Austrian microreductionist essentialism, has been challenged. Below I shall defend Mäki and discuss different possible ways to express both reductionism and holism, ordered along scales from weak to strong. I first treat Mäki’s analysis of the Austrian theory of entrepreneurship as a causal process theory. Next, I shall briefly outline what his account of essentialism in general means for isolative reasoning in economics. Thirdly, I shall treat the concept of explanation by redescription as Mäki has developed this with regard to Austrian economics. All this is helpful to understand the way in which wholes and individuals relate in Austrian economics. The fourth subsection considers the question whether social wholes are in any sense real. The fifth subsection pays attention to Karl Milford’s alternative view of Austrian economics. He says that methodological individualism must be interpreted as anti-essentialist, and German historicist analysis of social wholes in turn as essentialist. Next, in the sixth subsection, I shall look into some possible degrees of reductionism, which help qualify Milford’s notions. I shall endorse Harold Kincaid’s warning, in subsection seven, that ontology and epistemology should not but are often conflated in issues about holism and reductionism. It is claimed that Milford falls victim to this conflation and that, hence, he is mistaken.

Mäki on causal process theory

Austrian economic theories stand out as a causal process theories. In order to compare such theories with equilibrium ‘model theories’, Uskali Mäki uses two concepts of causation developed by Wesley Salmon to make the notion of ‘causal process’ precise. Salmon distinguished production from propagation. Causal production concerns ‘bringing about effects’. Causal propagation is ‘transmitting influences’ from one point (in time, in place) to another. These two concepts of causation are also covered by the terms ‘agency’ and ‘transmission’, respectively.

Agency in the Austrian theory of entrepreneurship, for example, involves (1) the capability of acting, (2) the property of being alert, (3) the presence of incen-

tives, (4) ambition or the intrinsic nature to act in a certain way.\textsuperscript{4} Perhaps alertness is the most typical for entrepreneurs. True, if agents engaged in the market process had been machine-like perfect decision makers, they would not need to be alert. They also would not make any error (by implication), and hence, not learn.

Transmission, in turn, is an important notion in the Austrian conceptualization of the market, because the praxeological approach to the domain of the social, as was advocated by von Mises and Hayek, involves the transmission of information. ‘Disequilibrium market prices are vehicles of conveying information across time and space’ says Mäki.\textsuperscript{5} Indeed, if the only existing prices would always present equilibria, no incentive for action could exist on either side of the market. By any interpretation of the notion of ‘perfect information’, if agents can dispose of it there is no point in conveying information to them. We have to understand that error is a necessary condition for learning. And a market concept that allows error together with the four conditions for agency just mentioned provide sufficient conditions for learning. For sure, a ‘process theory’ – as opposed to a static or ‘model theory’ – can help understand such learning processes. In Mäki (2001), it is discussed how less than perfect circumstances are essentially those that make possible human action; and I add that it is human action that a praxeological, typically Austrian conception of social research takes to be the starting point for explanations of social phenomena.

\textbf{2 Mäki on isolations and essentialism}

In his (2001) Mäki studies the criticism of current mainstream economics by George Richardson, Ronald Coase, and James Buchanan. He interprets claims by these economists concerning a supposed missing link in mainstream economic theory as missing the essence of good explanations. Richardson, for instance, complains that by taking perfection of markets as an ideal type there can be no analysis of the transmission of information. Coase, in his turn, wants to see an endogenous treatment of the costs of making transactions. Buchanan, finally, objects to the exogeneity of behavioural patterns in equilibrium theory. The Austrian conception of the market process precisely provides for the demanded endogeneity. So Mäki asks:

\begin{quote}
Such grounds [for complaining] are far from intuitively obvious given that there are highly respected scientific theories that study planets without extension, planes without friction, and molecules without color. Why are some exclusions suspicious while some others are not?\textsuperscript{6}
\end{quote}

The answer Mäki gives is that there is an ontological constraint on theorizing and this constraint is given by the way the (economic) world actually is:

\textsuperscript{4} Ibidem, p.42.
\textsuperscript{5} Ibidem, p.43.
\textsuperscript{6} Mäki (2001), pp.380-381.
The idea is not [...] that these “imperfections” are real and causally influential, and therefore should be included [...]. The idea is rather the stronger one that the imperfections play a necessary or essential role in the working of the world.

There are two philosophical positions involved in this way of looking at the market. One is a version of ontological realism and the other is a version of epistemological realism.

The first position, ontic realism, says that the world has a characteristic way of functioning. Thus, ‘there are ontic necessities and impossibilities in the world’, and this is true ‘independently of what we believe of it or how we represent it’. The second position, theoretical realism, says that ‘good theories are purportedly true descriptions of the way the world works’.

Richardson, Coase, and Buchanan in fact distinguish well between isolative assumptions that do and isolative assumptions that do not bar the essentials of the system the character of which economists claim to explain. This is quite apart from the question whether they are justified in abstracting these alleged essentials. The interpretation of their views as to what counts as a fruitful explanation in economics as essentialist does not rule out infallibilism. It is possible to believe that picking out essentials, or kinds, or necessities de re from the economic realm is feasible and worthwhile and at the same time that one may be dead wrong in the actual picks.

3 Mäki on scientific theorising as redescribing social phenomena with microphenomena

The self-image of Austrian theory – and the self-image of Böhm-Bawerk specifically – is that it is a scientific theory. Science is different from common sense knowledge. Mäki writes:

Let us refine [my] interpretation of Austrian theory by employing the idea of theoretical redescription. Theoretical redescription is a matter of redescribing, in theoretical terms, what is already empirically or “phenomenologically” described, as really being something else – this something else constituting the “essence” of the object of (re)description. It is only by means of the conceptual resources of a theory – not being reducible to the observational language of empirical facts and generalizations – that empirical facts can be redescribed in a way which reveals what those facts really are.

Austrian theory is a theory of action, which (re)describes how social phenomena come about as a result of individual causal agency (causal production), and the

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8 Ibidem, p.385.
9 This is how Mäki labels it. In chapter V a tenable form of essentialism is analysed as the proposition of rigidities de jure.
10 Mäki (1992a), p.44. The emphasis is Mäki’s.
11 Mäki (1990), p.321. It is not clear why we have to assume that nothing of the new conceptual apparatus, of the redescription, can be reduced observational language.
market is the typical institution where we can see instantiations of this agency. Austrian theory also (re)describes the market as the institution where we can find forms of the propagation of information (causal propagation). These (re)descriptions make use of a conceptual apparatus not reducible to observational language.\(^\text{12}\)

Let me explain Mäki’s point. The (re)descriptions are explanations. The explanandum of the (re)descriptions are the phenomena known by using our common sense ways of observing. Mäki coins the initial description of the explanandum the ‘phenomenological description’.\(^\text{13}\) The so called ‘phenomenological’ descriptions (may) involve wholes, like the entire market, objective market prices, social capital, etcetera. The explanans, in turn, is the ‘deeper’ story. It demarcates Austrian economics as ‘scientific’: it tells what the objects of scientific (re)description really are. As I see it, such explanations of the market make Smith’s ‘invisible hand’ visible. Moreover, the explanans is methodologically individualist: the scientific explanations start at the level of individual agency and explicate how, by some causal mechanism, phenomena at this level generate phenomena at a higher, non-individualist level. The redescriptions are microreductions.

4 Do social wholes exist too?

The question is, next, how Austrian realism can be understood: does it involve the claim that the referents of the explanans really exist or also that the referents of the explanandum really exist? The first is certainly correct. Mäki says:

[Many fundamental objects of economic theory are claimed to be subjective in nature; they are “made of subjective stuff” [...] those subjective entities are maintained to have an objective existence, they exist independently of economists’ theories of them.\(^\text{15}\)]

So this is ontological realism with respect to the micro-entities. As to the second, the claim that the object of common sense description – the social explanandum – is real, the twentieth century Austrian praxeologist Ludwig von Mises is agnostic.

There is no need to argue whether a collective is the sum resulting from the addition of its elements or more, whether it is a being sui generis, and whether it is reasonable or not to speak of its will, plans, aims, and actions

\(^\text{12}\) Note that the term ‘reducible’ here does not rest on the concept of reduction as specifically microreduction. The common sense terms (or observation terms) referred to are terms having a meaning only at the ontologically relevant level of the social: that is, a level higher than the level to which methodological individualism tries to reduce social phenomena.

\(^\text{13}\) Mäki (1990), p.320. Phenomenological descriptions form what Böhm-Bawerk called *Kasuistik*.

\(^\text{14}\) The term ‘objective’ used here has nothing to do with how it is used in the phrasing, which serves to denote aspects of essentialism, like ‘objective existence’. We have seen that in PTK objective value is the market price coming into existence by trade. It is equal to the marginal utility of the marginal buying agent.

\(^\text{15}\) Mäki (1990), p.336.
and to attribute to it a distinct “soul”. Such pedantic talk is idle. A collective whole is a particular aspect of the actions of various individuals and as such a real thing determining the course of events.\textsuperscript{16}

While the microreduction carried out in praxeological social theory postulates the referent of the explanans as objectively existing, the existence of the referent of the explanandum is an irrelevant matter for his purposes. Anyway, the entities and properties at the individual level are supposed to really exist. These are referred to in methodologically individualist theories, hence in micro-reductive explanations of social phenomena.

Mäki sees sufficient cause to view Austrian economic methodology as essentialist. I have concluded the same concerning at least Böhm-Bawerk, in chapter II. If we now place the discussion about the objects of redescription of the phenomena against the background of this possible essentialist reading, we complete the picture of what Austrian explanation amounts to.

Individual agents ‘invested with meaning’ must act in explanations that are to be the best descriptions of what socio-economic really is like. This, then, is \textit{methodological individualism cum essentialism}. I stress that this also nicely fits Böhm-Bawerk’s implicit convictions underlying the rhetorical strategy he employed in theory appraisal.

5 \textit{Milford’s anti-reductionism as essentialism}

There is, however, an alternative characterisation of what essentialism in social research amounts to. This other interpretation – by Karl Milford – gives an explication of the Austrian project which is diametrically opposed to the view defended by Uskali Mäki. Karl Milford (1989, 1997) says that essentialism in social science implies \textit{anti-reductionism} or some form of holism. This is remarkable. It runs counter any of the views expressed so far.

The question I shall try to answer is whether the emergent social properties to which initial common sense descriptions and historicist studies refer, \textit{holistically} described, are indeed required in essentialist explanations. Are holist entities, such as institutions, a necessary condition for essentialism in social theory? I shall argue that Karl Milford is wrong due to a confusion of holism and essentialism.

Milford starts off with a classification of epistemological positions:

\begin{quote}
Überblickt man die methodologischen Positionen zur Frage befriedigender Erklärungen in den theoretischen Sozialwissenschaften, so kann man zwei große Gruppen unterscheiden: die Position des methodologischen Individualismus und die Positionen des methodologischen Essentialismus, die manches Mal auch als methodologischer Kollektivismus bezeichnet werden (Popper 1969).\textsuperscript{17}
\end{quote}
Not only Austrian economic theory is Methodological Individualist (MI), also modern game theory is committed to MI. Milford counts the German Historicists as adhering to Methodological Collectivism or Essentialism (ME).

Bruce Caldwell, in his biography of Friedrich Hayek, notes that the single most important protagonist of the younger Historical School, Schmoller, gratefully had taken over the heritage of Wilhelm Roscher in the idea that theorizing about the social could only be premature. The German Historicists were above all sceptical towards the optimistic theoretical endeavour of Menger. Redescription by MI methods was seen as ‘using theory’ and therefore dangerous. The so called Historical Method was holist in the sense that it prescribed the search for aggregate social patterns at the level of observable regularities in the historical development of societies. Is the holism of ME then the same as the holism of the Historical School?

Reductionism and holism: strong and weak

Here it is important to distinguish Methodological Holism from Ontological Holism. The first is the prescription, at its weakest, that social science must also look for explanations at the level of institutions or social wholes. The strong version has it that social science must only explain at the level of the social, not at the level of individual agents. In neither of these two versions of holism has anything ontological been a priori claimed, that is, about what social reality is like. This is important. It allows that even if one believed that social entities – or properties – are constituted by aggregates of ‘atoms’, one could nevertheless prefer to set as a scientific aim to highlight regularities at the level of the social. One could do this for all sorts of explanatory reasons. Even when I understand that my car keys are an aggregate of atoms, I may be wise to explain its working in a lock in macro terms.

Ontological Holism, in contrast, embraces the a-prioristic position that aspects of social reality simply have no individual constituents. But even in this case the direct inference that scientific method should confine itself to research at the institutional level only is unjustified. Also if one believed that the social is made up of irreducible entities, there need not be anything irrational in certain contexts about looking for individual agents and their role in a social world nevertheless.

One can think of a continuum of stronger and weaker versions of ontological holism. A middle position would be that some aspects of social reality have individualistic constituents, but not all. Whichever the position one adheres to, it is a mistake to assume that ontological positions as regards holism or individualism imply anything definite about required scientific methods of research. Ontology

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18 See for instance van Hees (1997) for an interpretation of methodological individualism in this context.
19 Caldwell (2004), chapter 2.
20 The German Historicists adhered to the idea that political preferences should be prevented from entering theory choice. Their opposition to the ‘theoretical’ Austrians was partly out of Ideologiekritik.
has some bearing on proposed methods of research, but claims about epistemology do not directly follow from claims about ontology. This is the reason why I have held, above, that claims about the existence of the emergent properties of a social reality are not crucial to the essentialism implied by Austrian social theory.

The a-prioristic character of the mistake is notorious. Indistinctness about the relative strength of any such position is often part of the mistake. In a more sensitive attempt to draw proper distinctions between holist and reductionist positions Harold Kincaid has listed seven charitable interpretations of MI and anyone who contemplates on these for a moment will be struck by the obviousness that the question whether MI methodologies are correct is ultimately an empirical matter:

1. Social theories are reducible to individual theories.
2. Any explanations of social phenomena must refer solely to individuals, their relations, their dispositions, and so on.
3. Any fully adequate explanation of social phenomena must refer solely to individuals, their relations, their dispositions, and so on.
4. Individualist theory suffices to fully explain social phenomena.
5. Individualist theory suffices to partially explain social phenomena.
6. Some reference to individuals is a necessary condition for any explanation of social phenomena.
7. Some reference to individuals is a necessary condition for any full explanation of social phenomena.21

In this list, the strongest methodological positions of MI are perhaps number 2 and 4, while the weakest seems to be number 7. (It is impossible to exhaustively order the seven interpretations in terms of logical strength.) The methodological recommendations of this list are ultimately empirical; that is, aprioristic assumptions cannot produce any advice on method.

7 Conflation of positions

Naturally however, there is always some bearing of the truth of ontological claims on the truth of methodological claims. But the most one can hold is that, in certain contexts, some aspects of the ontic organisation of the social will have some implications for the question which method is wisest to employ. Stated in this way, clearly, this is a very weak claim. Thus, Kincaid concludes:

[b]road conceptual facts about the primacy of the physical, about human agency, or even about the ontology of society will not tell us how the sciences must relate. Like other failed attempts to show a priori how human inquiry must go, arguments of this sort give philosophical or conceptual considerations a power far beyond their means.22

I couldn’t agree more. As so many approaches can be hid in the simple guise of the label ‘Methodological Individualism’, it can only lead one astray if these issues

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22 Ibidem, p.143.
must be decided a priori. They are to be decided as a logical consequence of extensive empirical social research (of whatever holist or atomist kind) and of the relative success or failure of conceptual frameworks to satisfactorily explain. What counts as a satisfactory explanation is another matter (but see de Regt (2004)).

Milford is aware of the danger of conflating believes about the character of the social with prescriptions about methods of research. As to holism, he says that selbst in einer Welt, in der es keine Ganzheiten und keine historischen Entwicklungssetze gibt, könnte es vernünftig sein, nach Regelmäßigkeiten dieser Art zur Lösung praktischer Probleme zu suchen, sofern nicht andere Argumente, z.B. logische, gegen ein solches Verfahren sprechen and on the same page he proceeds in similar terms about reductionism. Then he connects this point with the good old problem of induction:

Beide metaphysischen Positionen behaupten die Existenz von Regelmäßigkeiten, doch für die Suche nach wahren Gesetzmäßigkeiten oder Regelmäßigkeiten bedarf es keiner solchen Voraussetzung, zumal es ohnehin keine Verifikation gibt, und man nicht wissen kann, ob man ein wahres Gesetz entdeckt hat.

The fallacy to try and directly deduce a methodology from an ontology is easy to commit, as Milford explains, because it is clear ‘daß methodologische Forderungen vielfach eine Umdeutung von metaphysischen Behauptungen sind.’ It is curious that, while he is so well aware of the fallacy, he seems to confuse methodological and ontological issues nevertheless when he connects essentialism in social science with (epistemological) holism. Austrians, Mäki has convincingly shown, are inclined to essentialism and reductionism at the same time.

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24 Ibidem, p.106.
References


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