

IS THE AUSTRIAN SCHOOL VALUE-FREE? ON THE DEPENDENCE OF AUSTRIAN ECONOMICS ON POLITICAL PHILOSOPHY

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ABSTRACT: Austrian economists tend to declare that their economics is value-free. The present article argues that it is not. As we show, the basic conceptual framework employed by Austrian economists in their putatively value-free studies is actually embedded in libertarian political philosophy. Specifically, a major notion of Austrian economic analysis—that is, the notion of free (voluntary) exchange—presupposes Lockean property rights. Accordingly, Austrians define all concepts derivative of free exchange (e.g., free market, socialism, interventionism, calculational chaos, monopoly, social welfare) in terms of just distributions of

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ownership titles. However, instead of eschewing the value-laden component of their economics, Austrians may openly embrace it, for their theory is naturally predisposed to axiological nonneutrality.

Austrian economists remain virtually unanimous on the matter of value judgments in economics. All central figures in the history of the school—Carl Menger (1933, 289–91), Ludwig von Mises (1998, 881), Friedrich von Hayek (1967, 253), Israel Kirzner (1994, 313–20), and Murray Rothbard (1997, 80; 2009, 1297–1300; 2016, 57)—declared their adherence to the Weberian-positivist ideal of scientific value freedom (*Wertfreiheit*). According to the standard variant of this doctrine, any discipline that claims scientific character—and this includes economics—must not prescribe any moral values. Thus, no moral value judgments can ever be granted citizenship in the realm of scientific economics, either as explicit statements or as background presuppositions (see Benton and Craib 2010, 53–54; Nagel 1961, 485–502; Weber 1922, 489–540).

The subject matter of the present article is the question of whether Austrian economists of the Rothbardian variety¹ actually practice what they preach. Contra those Austrian economists, we claim that

¹ By the “Rothbardian variety” we mean, besides Rothbard himself, those Austrian economists who are influenced by Rothbard’s interpretation, expressed mainly in his major economic treatise *Man, Economy, and State* (Rothbard 2009), of the basic conceptual framework of Austrian analysis (e.g., free exchange, having economic goods, free market, monopoly, etc.). This encompasses such eminent Austrian scholars as Joseph T. Salerno, Walter E. Block, Jeffrey M. Herbener, Jesús Huerta de Soto, Hans-Hermann Hoppe, David Gordon, Jörg Guido Hülsmann, and Robert P. Murphy. Interestingly enough, this branch of the Austrian school is also often referred to in the literature as “Austro-libertarianism” (cf. Gordon 2017). However, we do not adopt this label in the present article because our point seems broader than what the label suggests. It is not necessary for a given Austrian economist to explicitly embrace Rothbard’s political libertarianism (as expounded, for instance, in Rothbard 1998) or even all his major contributions to economics proper (e.g., theories of production and entrepreneurship and the take on monopoly price) in order to fall within the reach of our argument. Rather, it is sufficient that some fundamental concepts employed by such an economist are implicitly construed along the lines proposed by Rothbard.

Having thus explained what the target of our present argument is, instead of each time tediously talking about the Rothbardian variety of the Austrian school, henceforth we will simply speak of the Austrian school, Austrian economics, or Austrians, etc., always meaning thereby the Rothbardian variety of the Austrian school unless we explicitly indicate otherwise.

the opposite is the case. For as far as its basic conceptual framework is concerned, Austrian economics hinges upon Rothbard's achievements in his second major area of interest: the libertarian political theory he propounded.

Value judgments may enter into scientific inquiry in various ways. In social science, the most easily detectable one is a scholar bringing up outright ethical or ideological policy recommendations (see Rothbard 2000, 89–96; 2016). This article is not about commitments of this type. We grant that although the writings of Mises and Rothbard are shot through with such political prescriptions, the economic substance can still be analytically distinguished from the explicitly political message. There is no denying that. Nor is this article making a trivial case that Austrian economics is driven by values in the process of problem selection. Of course, like every researcher in both the social and the natural sciences, Austrian economists determine their research areas based on what they believe is of significance for all sorts of reasons, the ethical and the political included. To pontificate on this would therefore be to reinvent the wheel (see Nagel 1961, 485–87).

What shall instead be argued here is that Austrian economics is implicitly involved in the type of value-ladenness that may be called *conceptual*. In other words, in their economic system, Austrian economists employ *value-laden concepts*—that is, concepts that combine descriptive and evaluative content. In the literature, such concepts are often referred to as “thick” (the term introduced in Williams 1985), with rudeness, cruelty, generosity, development, courage, and the like typically cited as instances (see Foot 1958; Putnam 2002; Väyrynen 2021; Williams 1985;).

Crucially, not all thick concepts articulate evaluations of the moral type. It is sometimes alleged that the ideal of value freedom is illusory in the social sciences because certain concepts those sciences cannot help but employ are in fact standards of assessment. Thus, for example, in dubbing a politician “statesman,” a historian makes an implicit value judgment in that he implicitly asserts that the politician merits the name by living up to the requirements of statesmanship (Strauss 1959, 21). However, such arguments are often overhasty: while the concept of “statesman” indeed presupposes value judgments, the values in question need not be

moral ones (Hare 1963, 188–89; Nagel 1961, 491–92). After all, a historian of anarchist leanings may well use the term, too, while holding to his antipathy toward the very idea of statecraft.

Nevertheless, some social science concepts are value-laden in a *moralized* way. Despite the multifarious difficulties that burden the moral-versus-nonmoral distinction, the moral nature of certain “ought” statements is not up for debate. One such category of judgments is those concerning the notion of justice. As the following shall argue, in Austrian economics, moralized concepts are borrowed from a libertarian theory of justice (mainly Rothbard’s) via a particular notion of legitimate property rights and the concept of freedom (voluntariness) anchored therein (Cohen 1995; Megger and Wysocki 2023; Nozick 2001; Olsaretti 1998; Wysocki 2021; Wysocki, Block, and Dominiak 2019; Wysocki and Megger 2019).² Hence, the connections between libertarian political philosophy and Austrian economics are not merely accidental—that is, consisting in many Austrian economists’ being libertarians at the same time and advancing libertarian views alongside economics proper in their writings—but indeed logical, in that normative propositions of libertarian political philosophy constitute conceptual underpinnings of economic analysis in the Austrian tradition.

Within the Austrian school, the thick concepts argument against scientific value freedom was addressed by Mises (2007, 299–300), who invoked several dictionary definitions of such ostensibly thick concepts as “cruel” and “prostitution” that seem perfectly value-neutral. To Mises’s mind, the possibility of such definitions belies the belief that certain concepts are value-laden of necessity rather than just used in a moralized fashion in certain contexts. Right or wrong, this objection does not contradict the argument developed here, since what the present article contends is not that the concepts of voluntariness and freedom are moralized concepts *of necessity*. To the contrary, as the first section indicates, there exist alternative, nonmoralized and value-free accounts of those notions. Consequently, the following should not be read as a case for a strong thesis in the tradition of Philippa Foot, Leo Strauss, or Hilary Putnam that

² The terms “value-laden,” “normative,” “prescriptive,” “moral,” and their derivatives will be used interchangeably throughout the remainder of this article, always referring to the moral type of value-ladenness.

social science *must* deploy value-laden concepts, of which voluntariness, or freedom, would be one. Our claim is weaker: Austrian economics only *happens* to be value-laden, owing to the value entanglement of the Rothbardian conceptual apparatus. Accordingly, if Rothbardian voluntariness is to be classified as a thick concept, it represents a very specific type thereof. In contrast to the above-cited notions of courage or cruelty, it derives its evaluative content not so much from common linguistic conventions as from philosophical coinage. Incidentally, this fact makes our analysis invulnerable to the objections to thick concepts as an argument against scientific value freedom that are discussed in the literature. Some scholars argue, for instance, that the descriptive and evaluative contents of conventional thick concepts can be disentangled by formulating a coextensive neutral description; that some thick concepts are objectionable to begin with (e.g., sexual categories of virtue and vice such as chastity and lewdness), so an objector need not embrace their normal appraising flavor while uttering them; or that thick concepts are thick not semantically but only pragmatically, by presupposition or implicature (for a recent overview, see Väyrynen 2021). None of this applies to the Rothbardian usage of “voluntary” and “free,” simply because justice as a precondition for voluntariness (or freedom) has been explicitly defined into the latter concept by Rothbard’s political *theory*, not by common usage. That this maneuver renders the notion of freedom contingent on an ethics is, unlike the commitments of standard thick terms, not up for debate in the contemporary work on the topic (see Bader 2018; Cohen 1995; Steiner 1994, chap. 1; Zwolinski 2016).

The problem under discussion has hitherto been scarcely noticed in the literature. Not only do all major Austrian scholars advocate Wertfreiheit, but their commentators and followers also firmly uphold the standpoint of the masters (cf. Bylund 2020; Gunning 2005; Hoppe 2016, 25; Hülsmann 2007, 202–3; Machaj 2018).³ The only major Austrian author who does not seem to espouse value freedom consistently is Rothbard himself. In an intriguing 1973

³ To our knowledge, the only exception is early Hans-Hermann Hoppe (1987, 32), who in his relatively unknown German-language treatise held that at least welfare economics must be preceded by a theory of justice. However, a few years later he would espouse the standard view on value neutrality (Hoppe 1990, 257–63; 2021, 17–19).

passage that may well serve as a motto for this article, Rothbard (2016, 60) argues: “Not only is it illegitimate for the economist to advocate a free market without also adumbrating a theory of justice in property titles; he cannot even *define* a free market without doing so. For even to define and expound upon the free-market model, the economist is describing a system in which property titles are being exchanged, and therefore he must also define and expound upon how these titles are arrived at in the first place; he must have a theory of original property and of how property comes into being.”

Rothbard further deploys the theory of just property rights to define the very concept free exchange, making this unequivocally clear in *Power and Market*, the follow-up to his *Man, Economy, and State*: “Thus, there has been general neglect of the fact that free exchange means exchange of titles of ownership to property, and that, therefore, the economist is obliged to inquire into the conditions and the nature of the property ownership that would obtain in the free market” (Rothbard 2009, 1047). Nonetheless, Rothbard does not (at least explicitly) draw the ultimate conclusion from these perspicacious remarks—that is, that the value freedom principle is untenable within his own system. To do so is the burden of the present article.

The dependence of some crucial Austrian concepts upon the Rothbardian justice theory has been already observed by Cordato (2007, 41–42), Megger and Wysocki (2023), Wysocki (2021), and Wysocki and Megger (2019). Their contributions, however, focus solely on welfare economics and/or the critique of moralized voluntariness. The first section of this article takes up the insights of those authors as well as the above suggestion of Rothbard’s by systematizing the case for the value-ladenness of the Austrian fundamental concepts. The argument is extended in the second section to various fields of Austrian positive economics: the typology of economic systems, economic calculation in public enterprises, and monopoly theory. For the sake of completeness, Rothbard’s welfare economics, already identified in the literature as premised on value judgments, is tackled as well.

Unlike the mentioned authors, we do not view value-ladenness as an object of refutation. Instead, if what follows is critical of Austrian economics, it is an immanent critique. In the third section,

we point out the tension between the Austrian declarative espousal of Wertfreiheit and other positions professed within the school, thereby providing arguments that Austrians should come to terms with the value entanglement of their science. We also propose more universal reasons to perceive value-ladenness as a philosophical component of science no more controversial than any epistemological or ontological commitment.

We believe that in light of the below findings, Austrian economics in general, and Rothbard's oeuvre in particular, can finally be given due credit as a unified edifice of knowledge, and Rothbard's monumental *Man, Economy, and State* can be fully appreciated as an integral economic treatise.

JUST PROPERTY RIGHTS AND THE NOTION OF FREE EXCHANGE

Rothbardian Voluntariness

To set the stage for further analysis, let us begin with one of the most famous pronouncements of the value-free Austrian economics postulate out there. In his seminal 1956 essay "Toward a Reconstruction of Utility and Welfare Economics," after a detailed discussion, Rothbard (2011a, 323) declares the following: "Economics, therefore, without engaging in any ethical judgment whatever, and following the scientific principles of the Unanimity Rule and Demonstrated Preference, concludes: (1) that the free market always increases social utility; and (2) that no act of government can ever increase social utility. These two propositions are the pillars of the reconstructed welfare economics."⁴ Stated still more generally, free (voluntary) exchanges between persons always increase social utility, whereas interference with the market and

⁴ As pointed out by Rothbard (2011a, 290; italics in original) in the same essay: "The concept of *demonstrated preference* is simply this: that actual choice reveals, or demonstrates, a man's preferences; that is, that his preferences are deducible from what he has chosen in action." In turn the unanimity rule states, in Rothbard's words (314; italics in original), that one "can only say that 'social welfare' (or better, 'social utility') has *increased* due to a change, if no individual is worse off because of the change (and at least one is better off)."

coerced exchanges can never be said to do so. Thus, Austrian economists are poised to conclude, without violating the Wertfreiheit postulate, that “the maintenance of a free and voluntary market ‘maximizes’ social utility” (Rothbard 2011a, 323; italics in original).

What is the problem with these pronouncements? To start with, what free, or voluntary, exchanges are ultimately depends on judgments about what rights people have. Since “the free market is the name for the array of all the voluntary exchanges that take place in the world” (Rothbard 2011a, 320), and, as we have already learned, “free exchange means exchange of titles of ownership to property” (Rothbard 2009, 1047), then what the free market is must depend on judgments about property rights. However, if that is so, then Austrian economics cannot conclude that “the maintenance of a free and voluntary market ‘maximizes’ social utility” without passing thereby “any ethical judgment whatever,” for judgments about rights uncontroversially do represent ethical judgments. As a result, not only can Austrian welfare economics not be value-free, but Austrian economics as such must also pass implicit ethical judgments insofar as it talks about, inter alia, voluntary exchanges, free markets, and interventions in free markets.

To see that this is the case, let us take a closer look at what Austrians themselves say about free, or voluntary, exchanges and their array—that is, about the free market. First of all, it is important to note that for a free exchange to take place, economic actors must first *have* goods or services that they can then offer to others for exchange. However, not just any old “having” would do for Austrians. As pointed out by Rothbard (2009, 93; italics in original) in his purely economic treatise *Man, Economy, and State*:

In order for the giving or exchanging of goods to take place, they must first be obtained by individual actors in one of these ways. . . . A man owns himself; he appropriates unused nature-given factors for his ownership; he uses these factors to produce capital goods and consumers’ goods which become his own; he uses up the consumers’ goods and/or gives them and the capital goods away to others; he exchanges some of these goods for other goods that had come to be owned in the same way by others. These are the methods of acquiring goods that obtain on the free market, and they include all but the method of violent or other *invasive* expropriation of the property of others.

What we therefore have here is the Lockean way of acquiring property rights to natural resources by mixing one's labor with these goods; the labor-mixing procedure vests the worker with property rights because he, being a self-owner, has property rights to his labor in the first place. Thus, it should come as no surprise that in order to support his claims about having economic goods, Rothbard (2009, 93) cites Locke's ethical and political work *Second Treatise of Government*.

Even more telling in this regard is Rothbard's outlook on the appropriation of raw land. For Rothbard (2009, 169; italics in original), "In a free society, any piece of nature that has never been used is *unowned* and is subject to a man's ownership through his first use or mixing of his labor with this resource." Now, a possible criticism may be raised that the presence of the Lockean political vernacular in Rothbard's purely economic treatise is just that—a convenient linguistic convention that does not necessarily commit Rothbard to ethical judgments about property rights. One should, however, take notice of the fact that according to Rothbard, an economic actor does not own a piece of land only insofar as he actually possesses, controls, uses, or has a command over it (which would possibly do as a purely economic account of what it means to have an economic good). Rather, for Rothbard, one acquires a title to the land that extends far beyond the time he is able to use or control it. Thus, even though an economic actor does not actually hold this nature-given economic good called "land," for Rothbard this fact has no bearing on the question of its ownership. As he points out:

There is no requirement, however, that land *continue* to be used in order for it to continue to be a man's property. . . . No, for once his labor is mixed with the natural resource, it remains his owned land. His labor has been irretrievably mixed with the land, and the land is therefore his or his assigns' in perpetuity. . . . Once the mixture takes place, the man and his heirs have appropriated the nature-given factor, and for anyone else to seize it would be an invasive act. . . .

Furthermore, in the question of land, it is difficult to see what better title there is than the first bringing of this land from a simple unvaluable thing into the sphere of production. (Rothbard 2009, 170–71; italics in original)

Since Rothbard understands having an economic good to mean holding the Lockean property title to it, and since in order to

exchange goods on the free market one has to first have them, then it should be clear that for Rothbard it is not an economic good per se that is exchanged on the free market. Rather, it is Lockean property titles that are objects of free exchanges. As Rothbard (2009, 91; italics in original) observed, “In order for a person to exchange anything, he must first possess it, or *own* it. He gives up the *ownership* of good X in order to obtain the *ownership* of good Y.”

Moreover, not only are Lockean property titles to goods rather than economic goods themselves exchanged on the free market, but also the manner in which they are exchanged on such a market is determined by ethical judgments about rights. For the only type of exchange of Lockean property titles that takes place on the free market (and that to an extent defines a market as free) is voluntary, or free, exchange. Thus, even if A and B mixed their labor with unused goods X and Y, respectively, and even if A exchanged his valid Lockean property title to good X for B’s equally valid title to good Y, the exchange would still not be free if it were conducted under threat. As Rothbard’s (2009, 92) economic analysis makes clear, voluntary, or free, exchange “implies that no one may seize the property of another by means of violence or the threat of violence and that each person’s property is safe, or ‘secure,’ from such aggression.”

What is even more interesting is the fact that for Rothbard, not just any old threat (or act of violence) would suffice in order to render an exchange unfree, or involuntary. Only violence or threat against Lockean property titles would transform a voluntary exchange into a coerced one. Again, not only the question of what is exchanged on the free market, but also the manner in which titles are exchanged on such a market, is determined by ethical judgments about rights. For a voluntary, or free, exchange of someone’s rightful property is an exchange that does not transpire under violence or threat thereof; yet what counts as violence or threat is again determined by property rights. Only physical force and proposals that are directed against people’s rightful property (self-ownership included) count as violence and threats for Austrians. According to Rothbard (2009, 183; italics in original), the only type of coercion that renders an exchange involuntary is “invasion of the *physical* person and property, *not* injury to the *values* of property. For physical property is what the person owns; he does not have any

ownership in monetary values." By the same token, there is no coercion in destroying another's reputation or threatening another with defamation, because no one can have property rights in his reputation. Writes Rothbard (2009, 182–83; italics in original):

In a free society, as we have stated, every man is a self-owner. No man is allowed to own the body or mind of another, that being the essence of slavery. This condition completely overthrows the basis for a law of defamation, i.e., libel (written defamation) or slander (oral defamation). For the basis of outlawing defamation is that every man has a "property in his own reputation" and that therefore any malicious or untruthful attack on him or his character (or even more, a truthful attack!) injures his reputation and therefore should be punished. However, a man has no such objective property as "reputation." His reputation is simply what others think of him, i.e., it is purely a function of the *subjective* thoughts of others. But a man cannot own the minds or thoughts of others. Therefore, I cannot invade a man's property by criticizing him publicly.

Finally, if destroying the value of another's property or reputation, or threatening another with such destruction, can be an element of the free market, so can an exchange of property titles effectuated under such threats. If no man owns his reputation, then threatening him with defamation is not an invasion of his property rights. Accordingly, if A threatens B with defamation unless B pays A \$1,000, then the exchange of B's \$1,000 for A's silence is perfectly free, or voluntary. For this reason, according to Rothbard and other Austrian economists (see, for example, Block 2013), blackmail would be a part of the free market. And so, as we are informed by Rothbard's major economic treatise (2009, 183n49; italics in original), "*Blackmail* would not be illegal in the free society. For blackmail is the receipt of money in exchange for the service of not publicizing certain information about the other person. No violence or threat of violence to person or property is involved." However, if the threat involved were not about "publicizing certain information" but about destroying or otherwise diminishing another's "objective property," then such an exchange—normally called extortion—would be involuntary. We can therefore see that what a free exchange is, and consequently what the free market is, ultimately depends on ethical judgments about property rights.

Two Concepts of Voluntariness

Having gathered some textual support for the thesis that Austrian economics defines freedom of exchange along moralized lines, we are now in a position to generalize our case. In order to further explain how ethical judgments find their way into Austrian economics, we will look at the general notion of voluntariness, or freedom (and so, derivatively, at the notion of voluntary, or free, exchange as well), as it developed in the history of those philosophical views that influenced the libertarian threads in Austrian economics.⁵ Broadly speaking, theories of voluntariness (or freedom) can be divided into moralized and descriptive. The latter approach is traditionally associated with Thomas Hobbes (1997, 129), according to whom freedom is nothing more than “the absence of opposition,” where by “opposition” he means “external impediments of motion.” Accordingly, a man who pays out to a highwayman under threat of losing his life pays voluntarily. For Hobbes (1997, 129–30), “Fear and liberty are consistent: as when a man throweth his goods into the sea for fear the ship should sink, he doth it nevertheless very willingly, and may refuse to do it if he will; it is therefore the action of one that was free: so a man sometimes pays his debt, only for fear of imprisonment, which, because no body hindered him from detaining, was the action of a man at liberty.”

For Hobbes, the questions of the legality of the debt and the morality of the imprisonment are insignificant. Neither is the question of acting under fear or threat, be it legal or illegal (so there is no room for coercion whatsoever) important to him. The only thing that counts is whether a man has the physical ability to move unimpeded by external obstacles. Hence, even if a man gives away all his property to another for fear of being killed, he acts freely.⁶

On the other hand, moralized theories of freedom can be traced back to John Locke’s political philosophy and its insistence on a

⁵ We draw here on Quentin Skinner’s (2016) exquisite lecture “A Genealogy of Liberty” given at Stanford University in 2016.

⁶ The “physicalist” approach set forth by Hobbes, sometimes referred to as “pure negative freedom” (Steiner 1994, chap. 1), is most certainly not the only nonmoralized account of voluntariness and freedom. A narrower definition that excludes actions under threat may be found in, for instance, Berlin (2002) and Gray (1980).

rights-based notion of coercion. *Pace* Hobbes, Locke (1988, 385; italics added) believes in at least that much:

That the aggressor, who puts himself into the state of war with another and *unjustly* invades another man's right, can, by such an unjust war, never come to have a right over the conquered, will be easily agreed by all men, who will not think, that robbers and pyrates have a right of empire over whomsoever they have force enough to master; or that men are bound by promises, which unlawful force extorts from them. Should a robber break into my house, and with a dagger at my throat make me seal deeds to convey my estate to him, would this give him any title?

It is therefore clear that for Locke, the freedom (or voluntariness) of an exchange depends not only on whether it is physically impeded but also on whether it is coerced. Moreover, Locke seems to imply that what matters is also the aggressor invading his victim *unjustly*—that is, in contravention of the latter's rights. (Alternative, not rights-based yet arguably still moralized, conceptions of voluntariness and coercion may involve references to the notion of "acceptable alternative" [Olsaretti 1998, 71] or "reasonable choice" [Wertheimer 1987].)

It should come as no surprise that the Austrian account of voluntariness falls within the Lockean tradition of moralized and rights-based accounts of freedom, just as the Austrian account of having economic goods falls within the Lockean paradigm of ownership rights. First of all, the fact that libertarian (although not necessarily Austrian) approaches to voluntariness are straightforwardly normative and rights-based should be obvious from the exposition provided by Robert Nozick.⁷ As he asserted: "Whether a person's actions are voluntary depends on what it is that limits his alternatives. If facts of nature do so, the actions are voluntary. . . . Other people's actions place limits on one's available opportunities. Whether this makes one's resulting action non-voluntary depends upon whether these others had the right to act as they did" (Nozick 2001, 262). In other words, according to Nozick, the voluntariness

⁷ Needless to say, Nozick was not an Austrian economist. However, his account of voluntariness is a classic formulation of what Rothbard had to say on that matter. It has also become the common currency within the Austrian school (see, e.g., the case for the voluntariness of a blackmailee's actions in Block 1998 and Block and Anderson 2000).

of an exchange consists, at least partly, in the exchange's being rights-respecting. On the other hand, which rights parties to an exchange have depends on the normative theory of self-ownership and quasi-Lockean original appropriation. Thus, under this notion of free exchange, any exchange that takes place under a human threat to the person or property of another (for example, the proverbial "your money or your life" kind of exchange) is involuntary because the recipient of the threat has to give up one of his rights (to his life or to his money).

In his 1973 political treatise *For a New Liberty*, Rothbard explicitly embraces this Lockean, rights-based account of voluntariness. For Rothbard (2006, 50; italics added), similarly as for Nozick, freedom of exchange or freedom generally is a "condition in which a person's ownership rights in his own body and his *legitimate* material property are *not* invaded, are not aggressed against," where "aggression" is defined as "the initiation of the use or threat of physical violence against the person or property of anyone else" (2006, 27; see also the like formulation in Hoppe 2021, 509).

The Argument Recapitulated

The value entanglement of the Austrian notion of free exchange may be summarized as follows:

1. X is a voluntary (free) action of A if and only if X is not undertaken by A in response to action Y which is unjust (in the Lockean-Rothbardian, rights-based way) vis-à-vis A (the Rothbardian-libertarian notion of voluntariness). That is to say, if X is a voluntary action of A in response to action Y, then Y is just.

2. Austrian economics predicates voluntariness (freedom) of actions.

3. Therefore, from (1) and (2), Austrian economics predicates justice of actions.

4. Judgments about justice are moral value judgments.

5. Therefore, from (3) and (4), Austrian economics passes moral value judgments.

As a result, whenever the concept of freedom (voluntariness) is deployed in the Rothbardian fashion, the user commits himself, be it explicitly or implicitly, to predicating justice and injustice of

actions along Rothbardian-libertarian lines. Correspondingly, value judgments that underpin Austrian economics in this respect do not have to be—and typically are not—explicit pronouncements of the libertarian philosophy. Neither are they open exercises in recommending or condemning specific economic policies. Quite the contrary, very often they are tacit or subliminal assumptions sitting deep under the surface of Austrian writings. All the same, they are ethical commitments that direct economic analysis at the conceptual level. Some exchanges are deemed free (even if, for example, they are made under duress of nature), and some are relegated to the category of coercive interventions (even if there is no pressing necessity of a human origin), depending on the question of what rights people have.

APPLICATIONS

Free Market, Economic Interventionism, and Socialism

To Mises, one of the key functions of economics is the comparative analysis of various economic systems from the viewpoint of the economic results they bring about (Gunning 2005). Accordingly, comparing the free-market economy (the subject matter of catalactics) with the alternative economic systems of socialism and interventionism is a persistent theme among Austrian economists. Consequently, any ethical judgments implicit in the definitions of these systems must inform the economic analyses of them. And since these systems are defined in opposition to the free market—which, as we have seen, is defined in terms of free exchanges, which in turn are defined in terms of just property rights—then all alternative systems must also be defined in terms of just property rights and violations thereof. Recall that Rothbard (2016, 60) himself spells this out in the above-quoted passage where he appears to eschew value freedom while embracing the conceptual value-ladenness tackled in the present article: “Not only is it illegitimate for the economist to advocate a free market without also adumbrating a theory of justice in property titles; he cannot even *define* a free market without doing so.”

Hence, when Rothbard (2009, 877; italics added) posits that economic interventionism is “the intrusion of aggressive physical

force into society; it means the substitution of coercion for *voluntary* actions” and that socialism amounts to “violent abolition of the market” (875), “aggression,” “coercion,” and “violence” are understood as threats of invasion or actual invasions of Lockean-Rothbardian property rights, and voluntary actions and interactions are identified as voluntary against the standards of the idea of justice that comprises those rights.⁸ Thus, economic interventionism and socialism, instead of being purely descriptive notions, are likewise reconstructed in terms of just property rights and (in)voluntariness. After all, as noted by Stephan Kinsella (2009, 180; italics in original), what counts as aggression “depends on what our (property) rights are. If you hit me, it is *aggression* because I have a property right in my body. If I take from you the apple you possess, this is trespass, aggression, only *because* you own the apple. One cannot identify an act of aggression without implicitly assigning a corresponding property right to the victim.”⁹

A similar, equally clear expression of this value-laden comparative analysis of economic systems among Austrians can be found in Hans-Hermann Hoppe’s reconstruction of socialism and capitalism. According to Hoppe (2016, 18), socialism is “an institutionalized policy of aggression against property,” whereas capitalism represents “an institutionalized policy of the recognition of property and contractualism,” where “contract” is defined by reference to property rights as “a nonaggressive relationship between property owners” and “aggression” is “aggression against property.”

Crucially, the dependence of Austrian comparative analyses on ethical judgments about distributions of property rights cannot be dismissed by a suggestion that Rothbard and Hoppe are merely hypothesizing about what property rights arrangements would be adopted by people in a truly free-market economy. To the contrary, what those thinkers are doing in the quotes in question is formulating the very *definitions* of the markets and other systems. Furthermore, given Austrian scientific realism, expressed perhaps

⁸ This definition is also embraced by other Austrians writing on problems of socialism, e.g., Huerta de Soto (2010, 88) and Machaj (2018).

⁹ On the value entanglement of the libertarian concept of aggression, which pretty much corresponds with that of the concept of freedom, see also Wysocki (2021) and Zwolinski (2016).

most pronouncedly in the programmatic label of the “causal-realist” approach (Salerno 2010; see also Long 2006), one cannot take those definitions to be mere convenient conventions (i.e., stipulative definitions). If economics is to provide a realistic account of economic phenomena, then its basic conceptual framework must consist of real definitions—that is, definitions that grasp the actual essence of things under scrutiny.¹⁰

Nor can the dependence of Austrian theory on values be downgraded by arguing that although the Austrian definition of the free market is indeed an expression of a normative position, this fact has no bearing on praxeological analyses, which consist in simply juxtaposing the free market with alternative systems with regard to economic outcomes. Indeed, it is precisely the point of the above argument that Austrians also define those alternative systems in moralized terms of property rights, freedom, and aggression. Moreover, it seems that when the comparative analysis starts with a normative notion of freedom (or voluntariness), there is no other way of defining them (after all, what is to be defined is the *free* market and the settings that diminish or abolish it by being *unfree*).

Another objection that an advocate of value freedom in Austrian economics might raise would be to argue that the moralized nature of economic categories notwithstanding, the *Wertfreiheit* principle is not violated as long as the economist does not propose this or that economic system as morally superior and ultimately preferable to its alternatives. However, as pointed out earlier, this would amount to an extremely narrow interpretation of *Wertfreiheit*, plainly at odds with the broader understanding of it that prevails in contemporary philosophy of science (see Nagel 1961; Putnam 2002). This more capacious account is also well justified. If value freedom is violated by anything under the sun, then it is certainly violated by the presence (explicit or implicit) of moral judgments. Equally uncontroversially, moral judgments are judgments about *all* moral values, not just about *ultimate* values. By the same token, normative

¹⁰ One instructive example of the Austrian emphasis on real definitions is the critique of the Chicagoan property rights theory, especially the Coase theorem, whereby property rights are to be defined by the government (or another social institution) instead of being construed in a Lockean fashion from the outset of economic analysis (see Hoppe 2021, 24; Rothbard 2000, 91–92).

propositions presupposed by the use of a given moralized term are not necessarily propositions about ultimate values (Putnam 2002, 37). Therefore, a value-unfree economist deploying moralized terms that derive from the idea of just property rights does not have to assert that system A ought to be preferred to system B because system A is just. Of course, other considerations might come into play—social utility, Aristotelian virtue, or whatever desiderata ethics may offer—which will trump justice within the value system of our economist (for such a nonabsolutist account of justice, see, e.g., Tugendhat 1993, 364–91). Even so, that the economist roots his scientific argument in judgments about justice, which incontrovertibly represent moral judgments, suffices to violate *Wertfreiheit*.

Public Property, Centers of Calculational Chaos, and Market Anarchism

One of Mises's most significant contributions to economic science, readily acknowledged even by scholars generally critical of his theoretical legacy, was the famous impossibility of socialism theorem (cf. Blaug 1992).¹¹ In a nutshell, Mises (1951, 128–50; 1990; 1998, 201–32) argued that in the absence of private ownership of the means of production, there can be no prices (or at least no prices other than those arbitrarily superimposed by central planners) for them. In effect, economic calculation—that is, a comparison of anticipated revenue with expected costs, resulting in the most efficient allocation of factors of production—is rendered impossible. “Where there is no market there is no price system, and where there is no price system there can be no economic calculation,” says Mises (1951, 131). Nonetheless, he also emphasizes that his criticism should not be extended to public companies operating in a preponderantly free-market economy: “Publicly owned enterprises, operating within a system in which there are privately owned enterprises and a market . . . are integrated into a system of

¹¹ Oskar Lange (1936, 53), Mises's main opponent in the ensuing socialist calculation debate, went as far as to postulate (albeit perhaps somewhat tongue in cheek) that, in recognition of Mises's merit in raising the intellectual self-awareness of socialist economists, “a statue of Professor Mises ought to occupy an honourable place in the great hall of the Ministry of Socialisation or of the Central Planning Board of the socialist state.”

market economy. They are subject to the law of the market and have the opportunity of resorting to economic calculation" (1998, 712). Indeed, at first glance, there appears to be nothing problematic—at least calculation-wise—in the activity of public entities as long as market prices for factors exist. In the military, the officer corps can, along with the civil command, determine the number of troops technically necessary for successful combat operations and then recruit the workforce based on wages existing on the labor market, knowing, for example, that no one is going to take the risk for a wretched \$10 a day and that, on the other hand, there is no point offering the rank and file \$100,000 a day. The same seems to be true of capital goods and land, whether they are harnessed by the military, the police, the judiciary, the mail, or any other part of the public sector, for that matter.

Rothbard, however, is known for having applied the Misesian claim to all government-owned enterprises, which he labeled "centers of calculational chaos" (Rothbard 2009, 952). Argues Rothbard (2009, 946; italics in original): "The government is faced with insuperable allocation problems. . . . Should we build a road in place A or place B? There is no rational way whatever by which it can make this decision. It cannot aid the private consumers of the road in the best way. It can decide only according to the whim of the ruling government official, i.e., only if the *government officials* do the 'consuming,' and not the public. If the government wishes to do what is best for the public, it is faced with an impossible task."

But how does Rothbard himself arrive at the notion of what is "best for the public"? An obvious answer to this question could be: "I do not arrive at it at all. The public itself does." Yet this hypothetical response seems question-begging. Given Rothbard's libertarian commitment, not just any preference of the public would do. If a substantial fraction of society—even, say, 99 percent—decided to slay or dispossess the minority, Rothbard's striving for rational allocation of resources would remain unsatisfied. Indeed, the actions of the property—and bloodthirsty majority would be no different from those of politicians: they would be arbitrary—that is, not taking preferences of the victims into account. Now the question arises as to how one can actually take everybody's preferences into account. We shall come back to this problem later when dealing with Rothbard's welfare economics and his conception of

demonstrated preference, which appears to undergird his criticism of public spending as well.

For now, suffice it to say that, per Rothbard, the satisfaction of desires and the corresponding allocation of resources are rational if and only if they conform to demand stemming from voluntarily demonstrated preferences of consumers, with voluntariness being once again implicitly defined in light of the libertarian theory of justice. When government steps in, preferences can no longer be voluntarily demonstrated, and they cannot be so demonstrated exactly to the extent that the government meddles in the economy, since the very presence of public institutions and all the activities they pursue is made possible only by infringements upon the underlying property rights. The same reasoning applies to Rothbard's (2009, 938–41) well-known postulate that public spending be not added to, but rather subtracted from, gross domestic product.

Interestingly, Rothbard's criticism of government-owned enterprises in chapter 12 of *Man, Economy, and State* goes in the opposite direction of his case, laid out in the book's chapter 9, against the possibility of one big firm's emerging out of the free market. In short, Rothbard argues that this cannot happen, for a firm vertically integrating all stages of production would be tantamount to the elimination of markets for production factors. Such a company would thereby fall prey to the same irresolvable calculation problems that bedevil socialist regimes. Thus, Rothbard (2009, 615; italics in original) concludes, "The reason why a socialist economy cannot calculate is *not* specifically because it is socialist! Socialism is that system in which the State forcibly seizes control of all the means of production in the economy. The reason for the impossibility of calculation under socialism is that *one agent* owns or directs the use of all the resources in the economy. It should be clear that it does not make any difference whether that one agent is the State or one private individual or private cartel."

This entails that the voluntariness of exchanges is not a necessary condition for economic calculation. What matters is only the number of producers ($1 + n$). By contrast, with respect to resource-using activities of a government coexisting with the market economy, Rothbard maintains that such activities are inherently inefficient

precisely because they are performed by public agents and despite the fact that more than one producer is in operation.

Quite revealingly, the present inquiry explains why Mises never considered his advocacy for a minimal state inconsistent with his views on socialism. To Rothbardians, who, on ethical grounds, extend the calculation problem to all government entities, Mises's stance is a plain contradiction. In their view, services delivered by a minimal state such as the military, the police, and the judiciary, which Mises somewhat commonsensically assumes to be desirable, must pass the test of market verification just as all goods and services must. This includes not only the very existence of government services but also their specific characteristics, quantity, and spatio-temporal allocation (Block 1983, 2003; Hoppe 2016, 221–26; 2021, 201–26). Hence, for Austrians like Rothbard, Hoppe, or Block, the only political position consistent with sound economic science (i.e., one taking the implications of Mises's socialism theorem seriously) is strict market anarchism (Hoppe 2007a, 267–92; Rothbard 2006; 2009, 1047–56).¹²

Monopoly

Rothbard is praised in Austrian circles for his improvement on Mises's (1998, 354–74) theory of monopoly. The advancement came about partly thanks to Rothbard's (2009, 669; italics in original) definitional move, according to which monopoly is a "*grant of special privilege by the State, reserving a certain area of production to one particular individual or group*" and as such "*can never arise on a free market, unhampered by State interference*" (670; italics in original). Although Rothbard's argument is far more incisive and nuanced

¹² The reasoning of the present section should not be taken to prove too much. That (as per Rothbard's centers of calculational chaos argument) voluntariness is said to be a necessary condition for economic calculation does not entail that it is a sufficient one. Thus, to say that socialist arrangements are involuntary is by no means enough to debunk socialist economics. The Misesian argument still has to do its job of showing how the market enables the calculation of prices that reflect voluntarily demonstrated preferences and how the state does not. Moreover, as socialism is nothing other than price control writ large, most outcomes of socialist miscalculation may well be articulated in the neutral, descriptive terms of shortages and surpluses of goods (Machaj 2018, 156–60). What cannot be expressed in this manner is only the contention that all state-owned enterprises cannot calculate.

than a simple reduction of the economic intricacies of the monopoly question to libertarianism—and far more complex than what can be presented here—much of the heavy lifting is indeed done by his normative theory. Thus, it might be quite instructive to follow Rothbard’s case for adopting the above definition of monopoly.

A big part of his argument focuses on the distinction between the alleged monopolies that can arise based on voluntary exchanges on the free market and a true monopoly based on coercion understood in terms of libertarian private property rights. One example of his drawing such a distinction is Rothbard’s (2009, 662) rejection of the definition of monopoly as a situation in which “a firm has control over its price.” Rothbard argues that on the free market price is an interpersonal phenomenon. The seller never settles the price unilaterally. Rather, the existing price is an effect of multiple voluntary interactions between sellers and buyers. As Rothbard points out, “On the free market there is no such thing as ‘control’ over the price in an exchange; in any exchange the price of the sale is *voluntarily* agreed upon by both parties” (662; italics in original). Control—and the monopoly that comes along with it—arises only when the state enters the picture and violates property rights. For Rothbard, monopoly is just a special case of interfering with voluntary exchanges (the free market) and thereby replacing them with coerced ones (economic interventionism and socialism). This position is hardly value-free. A proponent of a rival account of voluntariness could argue that the seller is indeed able to control his prices on the free market if the buyer’s situation is such that no acceptable alternatives are open to him—as in the classic example of selling water from the only well in the desert.

This subsection highlights the impact Rothbard’s moralized conceptual framework has on the substantive arguments he makes. Were it not for the value-ladenness of Rothbard’s concepts, some of his arguments would be outright question-begging, relying on purely analytic, and thus arbitrary, truths. It is only provided that Rothbard’s notion of voluntariness is supposed to be correct—that is, embedded in a correct ethical theory—that his case against the idea of a free-market monopoly and monopoly price is not

question-begging.¹³ As shall be presently seen, the same is true of Rothbardian welfare economics.

Welfare Economics

We started the first section with a quote from Rothbard's "Toward a Reconstruction of Utility and Welfare Economics." It should therefore be no surprise by now that Austrian welfare economics is also based on ethical judgments about property rights. This is the least controversial example of Austrian economics' being value-laden (see Wysocki 2021; Wysocki and Megger 2019). More generally, even mainstream economists tend to believe that value-free welfare economics is unattainable because of the impossibility of constructing a value-free notion of welfare. After all, welfare economics is even called "normative" economics in the literature (Blaug 1992, 121–31; Hausman and McPherson 2006, 12). However, as mentioned, it was Rothbard's exact ambition to reconstruct welfare economics in such a way as to avoid passing any ethical judgments. Indeed, one of the main arguments that Rothbard levels against alternative theories of welfare is that they smuggle ethical judgments into their economic reasoning. Yet Rothbard himself failed to avoid this normative entanglement too.

According to Rothbard, welfare economics is best based on the two pillars of the Pareto unanimity rule and demonstrated preference. Since the free market is an array of voluntary exchanges, it brings about—at least *ex ante*—an increase in utility to all participants in such exchanges. Unless the parties had found these exchanges beneficial *ex ante*, they would not have participated in them. And because they did participate in them, they must have found them beneficial. On the other hand, people abstaining from market exchanges cannot demonstrate their decrease in utility (if we assume for the sake of discussion that there is such a decrease, possibly experienced only psychologically by the abstainers). Neither can they demonstrate their

¹³ Of course, whether the justice of a given set of rights has anything to do with the voluntariness of actions is a subject of controversy (see the overview in the first section of various conceptions of voluntariness and the literature cited there). Still, invoking justice as a linchpin for a given notion of voluntariness provides at least *some* argument, embedded in a well-established tradition of construing it, for the notion.

decrease in utility stemming from the fact that others participated in voluntary exchanges on the market (the jealous guy paradox). Hence, if we stick to the principles of the unanimity rule and demonstrated preference, it follows “(1) that the free market always increases social utility; and (2) that no act of government can ever increase social utility” (Rothbard 2011a, 323).

Although property rights are not explicitly present in the argument, they are in the background of the notion of voluntary exchanges. For when Rothbard talks about demonstrated preference, what he really means is a preference demonstrated voluntarily (Wysocki 2021; Wysocki, Block, and Dominiak 2019). If the state interferes with the free market, the utility result of such an intervention is indeterminate. For even though we can say that the state officials demonstrate their preference for the intervention, the utility of the recipients of such an intervention is supposed to be undetermined. But why should it be undetermined? Is it because they did not demonstrate any preference or because the preference they demonstrated was not demonstrated voluntarily?

Consider taxation. When a tax collector demands a citizen’s money and the citizen pays, does the citizen thereby demonstrate his preference for paying taxes? For Rothbard, the answer is in the negative. Yet, since the citizen himself acted in response to the tax collector’s proposal (“pay your taxes or go to prison”) in such a way that he transferred his money to the state, why can we not say that by his very action the citizen demonstrated his preference for paying taxes (Wysocki and Megger 2019, 76–77)? Indeed, it has been alleged in the literature that such counterexamples invalidate Rothbard’s claims that state intervention can never increase social utility (Kvasnička 2008). Yet given the normative entanglement of Rothbard’s welfare theory, the rebuttal to this objection is pretty obvious (whether it is successful is another question): the citizen did not demonstrate a preference for paying his taxes, because his preference was not demonstrated voluntarily in the proper Lockean, rights-based sense of voluntariness (as opposed to the Hobbesian, descriptive sense, in which the citizen would indeed pay voluntarily).¹⁴ Again,

¹⁴ Herbener (1997, 98–99; 2009) and Hoppe (1990, 257–63; 2021, 17–19) try to square Rothbard’s welfare economics with both ownership theory and the *Wertfreiheit* principle by arguing that acts of original appropriation and subsequent exchanges

were it not for the conviction that the underlying property rights meet the standards of a correct justice theory, the adoption of the Rothbardian account of voluntariness would be unsupported and question-begging against alternative conceptions.

WHY AXIOLOGICAL NONNEUTRALITY NEED NOT BE VIEWED AS A THREAT

Above we have argued that, contrary to the programmatic pronouncements made by Austrians time and again, Austrian economics is not value-free. Now, let us explain why this situation need not be unacceptable for economists in general and for Austrians in particular.

Value-Ladenness and Scientific Objectivity

Many scholars fear that the explicit abandonment of value freedom would be tantamount to harnessing science—the sole purpose of which ought to be impartial pursuit of truth—for partisan political interests. It is quite possible that it is precisely this foreboding that, at least to a certain extent, accounts for the unflagging popularity of the Wertfreiheit doctrine. Mises (1998, 48), for example, when criticizing historians who “consider historical events as an arsenal of weapons for the conduct of their party feuds” and are therefore “not historians but propagandists and apologists,” readily concludes that for this to be avoided, the historian (like the economist) “must free himself from any partiality. He must in this sense be neutral with regard to any value judgments.” What this quote evinces is

come to pass by virtue of demonstrated preferences, whereas all government intrusions must necessarily involve interference with those preferences. This, they believe, still amounts to a value-neutral usage of the concept of ownership: the theory is examined not in light of its normative validity but rather in terms of its outcomes for social welfare irrespective of the justice problem. Yet this approach falters when confronted with the question of which exchanges can be classified as welfare-enhancing ones. Obviously, assert these authors, those that are free, or voluntary, with “free” and “voluntary” being employed in the typical Rothbardian fashion. Moreover, in the last analysis, to create the nexus of free exchanges, the act of homesteading must have come to pass first, and it must have done so on a voluntary basis—that is, without violating the self-ownership rights of the homesteader.

that to Mises, “partiality” (or even “partisanship”) and “axiological nonneutrality” are synonyms.

This kind of objection can be addressed in a threefold manner. First, such allegations are beset by a category mistake. It is one thing to purposefully distort output of research so as to make it consonant with the researcher’s worldview; this might be dubbed “*ideological nonneutrality*” and, needless to say, is anathema to any decent scholar. It is yet another, entirely different thing for research in the social sciences to be marked by *conceptual nonneutrality*. The latter has nothing to do with research falsification, dishonesty, dogmatism, or other forms of scientific misconduct and unreliability.

Second, as noted by Leo Strauss (1959, 19–20), the intellectual self-awareness raised by the recognition that certain concepts one employs are value-laden—that is, the awareness of conceptual nonneutrality—may indeed help overcome the temptation of deferring to ideological nonneutrality. Ignorant of the normative entanglement of his output, an allegedly value-free scientist may thoughtlessly internalize the prevalent worldview of his time as the unquestionable natural order of things or, worse still, part of scientific inquiry itself—as scholars of ideologically sensitive topics such as public health or human rights all too often do. As Strauss (1959, 20) points out, “Social science positivism fosters not so much nihilism as conformism.” In economics, as Walter Block (1975) notes, this same phenomenon comes to the fore through the blithe acceptance of egalitarianism, perfect competition, market equilibrium, fiscal balance, or monetary stability as “scientifically” recommended policy goals across the economic profession. While Block (38) thinks the scourge should be quelled by the profession’s “purging itself from this value-laden burden,” another way to achieve objectivity may be to simply admit one’s normative commitments and, having seen them as beliefs in need of justification, critically reexamine them.

Third, the normative is by no means exhausted by the ideological. Regardless of the definition of ideology one adopts, it is certainly something different from political philosophy and ethics. Inasmuch as it is in-depth enough, the researcher’s above-mentioned critical reflection over the normative foundations of his worldview must lead to the rapprochement of the

social sciences not with ideology but precisely with philosophy. As it happens, one of the key motifs in Rothbard's oeuvre is the postulate that the intimate connection between the special social sciences (economics included) and philosophy in general and ethics in particular, broken by the modern compartmentalization of knowledge, should be revived.

Furthermore, conceptual precision, from whatever kind of theory the framework is derived, is always to the scholar's credit. In contrast to Austrians, economists of other schools have never spent much space discussing the nature of voluntariness, even though the notion is no doubt foundational, at least for welfare economics in the tradition of Pareto. Not surprisingly, none other than Rothbard (2016, 59) castigated mainstream welfare theorists for deploying value-laden concepts uncritically, without explicitly invoking, much less developing, any ethical theory.

On top of that, we contend that Rothbardians have an advantage in terms of conceptual precision over their predecessor Mises as well. Mises (2007, 19), skeptical of value judgments in general, tried to furnish a purely value-free account of the essential economic concepts. The problematic outcome of his endeavor is best illustrated by the chapter on ownership in *Socialism* (Mises 1951, 37–55), where he commences with the distinction between the “sociological” (economic) and the “juristic” concepts of ownership:¹⁵ “From the sociological and economic point of view, ownership is the *having* of goods which the economic aims of men require. This *having* may be called the natural or original ownership, as it is purely a physical relationship of man to the goods, independent of social relations between men or of a legal order. The significance of the legal concept of property lies just in this—that it differentiates between the physical *has* and the legal *should have*” (37). Simply put, Mises insists that economics deals solely with *possession* and *use* while leaving *ownership* on the cutting-room floor.¹⁶ Besides being

¹⁵ When Mises was writing *Socialism*, he had not yet coined the term “praxeology” and still referred to the science of human action he was developing as “sociology.” Cf. Mises 2003.

¹⁶ According to Hillel Steiner, the notion of possession “refers to either or both ‘control’ and ‘exclusion of others.’ But it is clear that, where the former is used, it is intended to be synonymous with the latter. That is to say, one *controls* (in the

problematic in its very formulation,¹⁷ this approach leads to rather startling consequences. Mises (38) asserts: “In this sense, the owner of a room is he who inhabits it at the time in question.” But if the room has not only an inhabitant but also a legal owner, the fact that the landlord’s rights to the room are recognized by the legal system is of utmost economic importance. It makes a world of difference from the economic viewpoint whether he is legally allowed to evict a defaulting tenant or sell the real estate, or if the tenant may use the room for business purposes, et cetera. What is exemplified here is that economics needs not only a concept of possession but also one of ownership—which happens to be precisely what Rothbard and his students advocate.

sense of *possesses*) a thing inasmuch as what happens to that thing—allowing for the operation of physical laws—is determined by no other person than oneself” (Steiner 1994, 39). See also Friedrich Carl von Savigny (1979, 2): “By the possession of a thing, we always conceive the condition, in which not only one’s own dealing with the thing is physically possible, but every other person’s dealing with it is capable of being excluded.” Now, a right to possess, besides being a right rather than a fact, is only one incident—although the key one—among many which comprise juristic ownership. As pointed out by Tony Honoré, there are ten more incidents of ownership, one being the residuary character of ownership, which has it that if *B* has an interest lesser than ownership in *A*’s thing—for example, if *B* is the bailee—then it is a necessary condition of “*A*’s being the owner of a thing that, on the determination of *B*’s interests in it, corresponding rights vest in or are exercisable by *A*” (Honoré 1993, 375). As we argue in the main text, this fact, clearly having immense economic importance, cannot be accounted for by Mises’s oversimplistic notion of economic ownership. Again, as brought home by Honoré (1993, 374–75), we can imagine a system in which there “might be leases and easements; yet, on their extinction, no one would be entitled to exercise rights similar to those of the former leasee or of the holder of the easement. This would be unlike any system known to us and I think we should be driven to say that in such a system the institution of ownership did not extend to any thing in which limited interests existed. In such things there would, paradoxically, be interests less than ownership but no ownership.” By the same token, an economic system in which there is ownership (i.e., our system) can hardly be adequately described by a category less than ownership—that is, by Mises’s simple *having*—or so we submit.

¹⁷ Note that economic ownership—contrary to what Mises wants it to be—cannot be “independent of social relations between men” for the simple reason that *A*’s having or possessing a good is *B*’s not having and not possessing it. Unless we restrict our reflection to an artificial construct of an autistic economy of one man only—Crusoe on his desert island, if you will—economic ownership is necessarily a matter of social relations; that is, it is a relation between the owner, the thing owned, and other people who are excluded from owning it. See note 16, especially Steiner (1994, 39).

Consider Mises's own definitions of capitalism, socialism, and interventionism. He conceptualizes capitalism as the "social order based upon private ownership of the means of production" (1998, 217) and socialism as "the system of social or governmental ownership of the means of production" (269). Interventionism, for its part, "seeks to retain private property in the means of production, but authoritative commands, especially prohibitions, are to restrict the actions of private owners" (Mises 2011, 1). Yet which sort of ownership does Mises have in mind while making these pronouncements? Certainly not his value-free, purely economic *having*. After all, capitalism does recognize juristic ownership. Interventionist prohibitions do not sound like "physical *has*" but rather like "the legal *should have*," as a result of which they restrict not so much "the actions of private owners" as their *freedom* to act, in particular to enter into free, private property-based exchanges. Finally, tenants under socialism do "inhabit their rooms at the time in question," although it is the socialist state, not the tenants, that has "ownership of the means of production." At best, one can conclude that, unlike Rothbardians, Mises simply has no theory of property and free exchange at his disposal. And without it, he is fundamentally unable to explain what the market economy, socialism, and interventionism actually are.

Further questions raised by the lack of a theory of property abound. For example, is blackmail a part of the free market or not (Block 2013)? Is the legal protection of intellectual property a free-market institution or a government intervention safeguarding an artificial monopoly over something that cannot be owned (Kinsella 2008)?¹⁸ It is clear that such questions cannot be answered by any system of positive law, let alone by the purely economic notion of *having*. For any such system of law constitutes a set of *particular*, transient arrangements bound to a specific place and a specific time. What one needs in order to define the market and socialism *as such* is, by contrast, a *universal* framework—one encompassing

¹⁸ Note that it is even more doubtful that what is now protected by intellectual property law can be *had* in Mises's purely economic sense of ownership. Does this mean that the significance of intellectual property "lies just in this—that it differentiates between the physical *has* and the legal *should have*" (Mises 1951, 37) and that it should thus be exempted from economic analysis? Clearly, that would be a highly undesirable result.

all historical incarnations of the systems at hand. This can hardly be done without some notions of ownership and freedom (all in all, while capitalism is said to respect private property, the free market is thought to be *free*). One must, then, seek the answer in political philosophy and general legal theory. Without paying heed to what these disciplines have to say, the economist is incapable of defining at least some of the fundamental categories of his own science.

Value-Ladenness and the Austrian School

Apart from these universal arguments, there also exist four specific reasons to believe that jettisoning *Wertfreiheit* should be particularly unproblematic for Austrian economists. First of all, as we intimated above, the idea of the reunification of practical philosophy and economics has already been put into practice by Austrians. As Hoppe (1998, xi–xii) points out: “Rothbard’s unique contribution is the rediscovery of property and property rights as the common foundation of both economics and political philosophy, and the systematic reconstruction and conceptual integration of modern, marginalist economics and natural-law political philosophy into a unified moral science: libertarianism. . . . Rothbard pointed out . . . [that] such common economic terms as direct and indirect exchange, markets and market prices, as well as aggression, invasion, crime, and fraud, cannot be defined or understood without a prior theory of property.” In a similar vein, Rothbard (2000, xvi) himself holds that “it was possible and crucially important to construct a broader systematic theory encompassing human action as a whole, in which economics could take its place as a consistent but subsidiary part. . . . The major focus of my interest . . . has been a part of this broader approach—libertarianism—the discipline of liberty. For I have come to believe that libertarianism is indeed a discipline, a ‘science.’ . . . Libertarianism is a new and emerging discipline which touches closely on many other areas of the study of human action: economics, philosophy, political theory, history.”

Although neither Rothbard nor his successors have drawn from these desiderata the obvious conclusion—that is, the recognition of a *conceptual* dependence of economics on political philosophy or ethics—it must be so. Otherwise, what would the “systematic” character of the theory built upon “property and property rights as

the common foundation” and “encompassing human action as a whole” even mean? As our article demonstrates, it means, *inter alia*, that the indispensable economic category of free exchange—with its emanations and negations such as markets, fraud, et cetera—is *defined in light of a prior (prescriptive) theory of property*. At least in the case of Rothbardians, therefore, to abandon Wertfreiheit would be nothing other than to face the truth. Economists who have long been venturing into the realm of normative philosophy, and who are additionally well known for their political commitments, should be willing to do so with no regrets.

Second, and related, as has already been indicated in the introduction, we claim that our proposed exegesis of Rothbard’s work represents the most charitable reading it may be given. In the face of the ubiquitous, explicit, and implicit invocations of Lockean rights in *Man, Economy, and State*, the only alternative interpretation would be to maintain that there are, as it were, two Rothbards behind the book: Rothbard the Austrian economist and Rothbard the libertarian philosopher, with the latter adulterating the former’s purely economic tract with political statements out of the blue. *Man, Economy, and State* would then be at best a prodigious, albeit compositionally inconsistent piece of writing. However, with rights theory acknowledged as an integral, logically indispensable part of it, this milestone in the development of the modern Austrian school of economics may be appreciated as one logical whole, laying the foundations of a “unified moral science” (Hoppe 1998, xi), “a broader systematic theory encompassing human action as a whole” (Rothbard 2000, xvi).¹⁹

¹⁹ One may try to defend the value freedom of Rothbard’s economics by suggesting an alternative reading of *Man, Economy, and State*. Namely, its passages on property rights, freedom, voluntariness, blackmail, etc. could simply be interpreted as noneconomic fragments of an otherwise economic book. This, however, would produce an outright question-begging argument if coupled with the constrictive definition of value unfreedom as formulating political recommendations (see the critical discussion in the second section of this article). For this definition entails not so much that economics *should* be value-neutral as that value-laden economics *is analytically impossible*: if there is no explicit “ought,” then the passage at hand is value-free; if there is, it is (trivially) not economics. This line of reasoning is question-begging because of its being premised on an arbitrary (and overly restrictive) definition of value-freedom violation (see the detailed explanation in the introduction). By contrast, it is precisely because scientific value unfreedom is typically

Third, the farewell to value freedom might be facilitated by the ethicopolitical position held by Rothbard and his followers. As is known, they adhere to strict ethical objectivism and antirelativism. Representing various philosophical traditions that range from Aristotelian realism (Rothbard 1998) to pragmatist-communicational transcendentalism (Hoppe 1987, 2016), they share a belief in ethics and political philosophy as domains of universally valid judgments that are no less true than propositions of the formal and natural sciences. Thus, they have no reason to fear that incorporating ethical judgments into economics will undercut the objectivity of the latter. Indeed, the rejection of Wertfreiheit might be deemed to bring about subjectivization and relativization of knowledge only under those approaches in contemporary philosophy—like post-modernism, neo-Marxism, and most variants of feminism—which programmatically discard the possibility of any objective ethics. Tellingly, even Mises and Max Weber themselves championed value freedom precisely on the grounds that they viewed morals as a hopelessly subjective matter (Van Dun 1986). To Austrians drawing on Rothbard—and to any other scholar rejecting the view that ethics is epistemologically inferior to social science²⁰—the presence of ethics in economics should present no greater difficulty than the presence of physical propositions in the fundamentals of chemistry.

Finally, it is noteworthy that, at least since Mises, one of the distinctive features of the Austrian school methodology has been rigid antiempiricism and antipositivism (Cubeddu, 2005, 32–43; Hayek 1952; Hoppe 2006, 347–80; Huerta de Soto 2008; Linsbichler 2017, 10–13; Mises 1962; Rothbard 2011b). It has manifested itself in the rejection of physicalist methodological monism, empiricist verificationism or falsificationism, and the mathematization of economics. Therefore, on both historical and logical grounds,

understood in terms of implicit and conceptual value entanglements that the value-freedom principle is considered by philosophers nontrivial and worth debating.

²⁰ This characteristic is capacious enough to cover authors beyond those holding an objectivist or absolutist view on ethics. For example, even the common combination of ethical relativism with metaethical cognitivism (ethics does provide one with *some* knowledge, although its validity is to be defined in terms of justified ascertainability rather than of an ultimate grounding) and scientific nonabsolutism (fallibilism, relativism, etc.) places ethics and the special sciences like economics on roughly the same epistemological footing.

the unanimous approval shown by Austrians for a principle as intimately connected with the empiricist-positivist belief system as Wertfreiheit should be regarded as an anomaly of sorts. Stated more precisely, a crucial trait of Austrian antipositivism is the thesis about the reliance of all empirical data upon theory (Linsbichler 2017, 78). It is in this respect that the Austrian theory is also entirely congruent with the path-breaking philosophical contributions of Pierre Duhem (1906), Willard Van Orman Quine (1963), Donald Davidson (1973), and Hilary Putnam (2002). Thus, the Austrian school has also staunchly dismissed the naïve empiricist notion of pure “facts.” In this regard, Austrians could turn to the theses put forward by Putnam (2002, 7–27) in his widely acclaimed book *The Collapse of the Fact-Value Dichotomy*. In Putnam’s work, the eponymous fact-value dichotomy, the very cornerstone of the Wertfreiheit doctrine, is presented as intertwined with the creed of empiricism and positivism and their presuppositions concerning an untenable notion of facts that are devoid of any theoretical or intellectual substance. As Putnam argues, that substance may well happen to be of a prescriptive nature.

CONCLUSION

This article undertook the question of whether Austrian economics is, as its proponents declare, value-free. Our investigation revealed that the opposite is the case. We argued that the basic conceptual framework employed by Austrian economists is embedded in the libertarian theory of justice. More specifically, we demonstrated that the crucial notion behind Austrian economic analysis—that is, the notion of free, or voluntary, exchange—is construed by Austrians in terms of Lockean property rights. Since sundry other concepts, such as the free market, interventionism, socialism, calculational chaos, monopoly, and social welfare, are in turn defined in terms of free, or voluntary, exchanges, Austrian analyses in those broad areas of economic scholarship are likewise value-laden. Thus, although Austrian economists may indeed try to avoid passing ethical judgments in their purely economic works and wholeheartedly declare allegiance to the Wertfreiheit postulate, they nonetheless engage in normative controversies since the conceptual framework they employ in their economic work is deeply rooted in libertarian ethics.

In coming to grips with this value entanglement, Austrians have three routes open to them. First, Rothbard's libertarian, rights-based stance may be simply upheld or, if need be, refined without eschewing the theory's core. Second, having rejected Rothbard's position on whatever grounds, Austrians may advance a different, yet likewise prescriptive, outlook on the fundamental economic concepts such as property rights and freedom of exchange. Finally, it remains possible to discard the value-laden approach altogether, embarking instead on the search for a value-neutral understanding of those categories.²¹ Still, if the last path is taken, one limitation must be borne in mind: no matter what the upshot of this endeavor is, it will represent a philosophical position.

A century ago, logical positivism attempted to consign philosophical inquiry to the dustbin of intellectual history. Yet now that the high tide of positivism has long receded, methodological disputes in the social sciences, from economics to sociology and political science, are again replete with questions of metaphysics, ontology, and traditional epistemology. In particular, Austrians, never impressed by the positivist worldview, have been involved in these sorts of debates for decades, perhaps paying more attention than any other school to the philosophical background of economics. But if one takes no issue with economic judgments' having epistemological or ontological presuppositions, then why shun ethical presuppositions? As has been demonstrated in this article, in Austrian methodology, there are no principled reasons on which to premise this discriminatory attitude.

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²¹ Within the Austrian school, such an attempt has already been made by Dawid Megger and Igor Wysocki (2023).

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