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The Austrian/American philosopher, Alfred Schütz (1899–1959) is a figure who has received particular interest from sociologists, although his ideas should be stimulating to the social sciences more broadly, including economics, and particularly Austrian economics. In many ways, the vision Schütz followed was very close to especially Ludwig von Mises’ vision of praxeology—the study of human action. Both Mises and Schütz aimed at understanding the essence of purposive action, but only recently have the affinities between Alfred Schütz and the Austrian School become an important theme in the historiography of the Austrian School (e.g., Boettke (1998b), Koppl (1997), Kurrild-Klitgaard (1997), Prendergast (1986, 1993)). This is the case even though the role of interpretive reasoning within Austrian economics has been long understood to be very important (see e.g., Boettke (1990), Prychitko (1995)). Initiated by a well-known essay by Christopher Prendergast (1986), a number of important contributions have now emphasized the relationship between Austrian economics and Schützian phenomenology.¹ And indeed, there are very strong personal as well as intellectual ties between Alfred Schütz and Austrian economics. Schütz was an active member of Mises’ Privat-Seminar in Vienna in the 1930s (and later he became a member of the classical liberal organization, the Mont Pelerin Society). In Vienna he developed close friendships with several Austrian economists (such as Mises, Hayek and Machlup), and it was Mises who helped him find his first job. In many ways Schütz continued to be an important part of the Austrian tradition, which started with Mises and was spread through his famous seminar in Vienna in the 1930s. Like Mises, Schütz was interested in grasping the meaning of human action. Indeed, this was what the social sciences should aim at.

This is somehow downplayed in the standard Schütz literature, probably because the biography of Schütz, written in Wagner (1983) did not take into account such considerations.

but emphasized instead that all Schütz’s intellectual stimuli came from Max Weber, Edmund Husserl and Henri Bergson. This is not only wrong, but also a potential damaging position regarding the history of Austrian economic thought, because it neglects the role of Austrian economics and economists (in particular Mises) in Schütz’s intellectual background. The present collected papers, however, should cast some new light on this helping us to better understand just how close Schütz and Austrian economics (and Austrian economists) should be perceived to be. Beyond any doubt the book is highly recommendable; my reservations in the following are only concerned with the editors’ notes and understanding of Schütz.

In the following, I discuss some thoughts and works of Alfred Schütz and their relation to Austrian economics. The position adopted is one of ‘revisionism’ compared to Wagner’s interpretation, and is in the spirit of what has already been said in the ‘revisionist’ literature regarding Schütz and the Austrians (e.g., Boettke (1990, 1998b), Kurrild-Klitgaard (1997), Koppl (1992, 1994, 1997)).

Among Schütz’s most important writings are “The Phenomenology of the Social World” (Schütz (1932)), his essays in his “Collected Papers”, volumes I-IV Schütz (1962, 1964, 1966, 1996), and his works written with Thomas Luckmann, Schütz and Luckmann (1973, 1989). And, in fact, this last volume IV of the ‘Collected Papers’, published more than thirty-five years after Schütz’s death, has some of the most interesting essays regarding Schütz and Austrian economics. This includes two essays written for and presented at Mises’s seminars in Vienna (“Toward a Viable Sociology” from 1928 and “Understanding and Acting in Political Economy and Other Social Sciences” from 1930); a review of Mises’ “Nationalökonomie” (Schütz (1934)); a paper prepared for Hayek’s visit in Vienna in 1936 (“Political Economy: Human Conduct in Social Life”, 1936), as well as a number of letters and hitherto unpublished papers, and some extended versions of already published articles. And yet, the editors—Helmut Wagner being the most important—still fail to see the important connections between Schütz and the Austrian School. Before emphasizing these, however, let us step back to see just how close Schütz in fact was, both personally and intellectually, to Austrian Economics. To be fair to the editors of this book, their views will be at the center by starting out considering the standard interpretation of Schütz, represented by Wagner (1983).

Wagner on Schütz

There can be little doubt that the most profound work on Schütz’s life and inspirations was the one written in 1983 by Helmut Wagner, “Alfred Schütz: An Intellectual Biography”.

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2In the preface to the volume IV we are told that “it must be said at the outset that this book is as much the book of Alfred Schütz as of Helmut Wagner” (p. xi). For reasons I hope will become clear later, I certainly hope this is not the case—and I very much doubt so. It was Helmut Wagner who selected and edited the papers which was prepared for the volume IV, but due to his death some were completed by his co-editors.

3I shall in the following focus primarily on the relation between Schütz and Mises, while downplaying the affinities and relations with Hayek and Machlup, however important. On Machlup’s Schützian methodology, see especially Langlois and Koppl (1991), and see Boettke (1990) and Koppl (1998) for some interpretive elements in Hayek.
Wagner viewed Bergson, Husserl and Weber as being especially important for Schütz’s work—although he did also note that Schütz entered into Mises’ famous private seminar. Roughly, the standard interpretation of Schütz is the following: Basically, Schütz is best to be viewed, Wagner says, as a “Weberian sociologist” (Wagner (1983, p. 14)). Although Schütz did share with Weber the idea that the ideal type is an essential concept for sociology, he was nonetheless highly critical of Weber’s application of this concept. As a result, he found it a very important task to reconstruct the Weberian concept of the ideal-type by adopting a subjective perspective by building a theory of understanding on the basis of methodological individualism. Such a perspective should be applicable to the social sciences in general, and not only for sociological considerations. “Science”, says Schütz, “is always an objective context of meaning, and the theme of all sciences of the social world is to constitute an objective meaning-context either out of subjective meaning-context generally or out of some particular subjective meaning-context. The problem of every social science can, therefore, be summarized in the question: How are sciences of subjective meaning-context possible?” (Schütz (1932, p. 223)).

Schütz found that addressing this question must be logically and temporally prior to the Weberian attempt to create a sociological theory of understanding. Obviously, only if we can establish a foundation of how individuals gain understanding of each other, are we able to draw implications for a possible sociology of understanding. This seems consonant with the Austrian emphasis on methodological individualism and subjectivism, rather than with Weberian principles (cf. Boettke (1998, p. 3)).

The influence from the French philosopher, Henrik Bergson, is—according to Wagner—essential to Schütz in that his use of Bergson’s theory of inner duration and the duality of movement points out the significance of thoughts and different levels of “meaning-endowed” experiences. And the opening of chapter 2 in Schütz’ 1932 book on the constitution of meaning begins, not with Weber, but with Bergson’s concept of “durée”. The importance of Bergson is especially clear in “Fragments Toward a Phenomenology of Music” (Schütz (1944)) which was intended to constitute a fourth part of the volume IV that never appeared because of Wagner’s death (Schütz (1996, p. 243)). Here Schütz discusses music as existing in the inner time of consciousness; a discussion which Schütz (in an almost Shacklian way) begins by considering Zeno’s paradox:

"Regard its [the flying arrow of zeno] flight as an ongoing movement. It is a unit from the instant it was shot from the bow until its reaches its goal. Following this movement with your eyes, you experienced one single event in inner time. Afterwards, in hindsight, when this movement will have been completed, when the arrow has traversed its path, you may consider the movement—once performed and accomplished—as identical with the trajectory traversed by the arrow. Then you may break down into pieces the unity of the ongoing motion. In this dimension of spatial time, you may even designate the spot

4See Capek (1971) for a discussion of Bergsonian time. Also, see O’Driscoll and Rizzo (1985) for a fascinating discussion of the role of ‘time’ in Austrian economics, building of the works of George Shackle.
occupied by the arrow at an instant during the flight. But then you have dropped entirely
the idea of an ongoing motion . . . then, the arrow does not fly no longer” (Schütz (1944,
p. 249)).

Schütz uses this Bergsonian distinction between “spatialized” and “inner” time to point
out the simultaneity of the flux of music and the flux of thoughts (ibid, p. 250) and to ask
how we are able to speak of music as being meaningful—“How is meaning constituted”
(ibid). The answer goes through the importance of experience of the projected action,
whereby “[i]nner time projected into space becomes the dimensions in which our actions
take place, the dimension which we share with our fellowmen” (ibid, p. 254, emphasis
added). That is, since living in a world of “everybody’s experience”, representing an
objectivization of the representation of the experiences of the different individuals, there
is an important distinction between the subjective meaning as intended, and its objective
representation, which will be known in its ‘typicality’. The theme of actions and meanings
that are ‘typically similar’ is at the center of Schütz’s thoughts (cf. Koppl (1992))—but
cannot be found in the writings of Bergson himself. Wagner (1983) sees Schütz’s addendum
to Bergsonism, the intersubjectivity of experiences, as being caused by Schütz’s admiration
of Husserl. But, as will become clear, there may be good reason to believe that his concern for
intersubjectivity was influenced by his participation in the Mises-Kreis in the 1930s and was
influenced, not so much by Husserl, but much more by a serious concern with Austrian eco-
nomics.

According to Wagner (1983, p. 34), Schütz began to read Husserl because of a recom-
mendation from his friend, Felix Kaufman, who also encouraged Schütz to send a copy of
his 1932 book to Husserl. Husserl responded to Schütz that he was “very delighted” by
his book and that he was “eager to make the acquaintance of such a serious and thorough
phenomenologist, one of the very few who have penetrated sense of my life work and whom
I view hopefully as its continuers and as representatives of the genuine philosophia peren-
nis” (Husserl, letter to Alfred Schütz, 3rd May, 1932; quoted from Schütz (1996, p. 155)).
But it was only in the light of his reading of Bergson that Schütz found Husserl’s “thought
and language understandable” (Schütz (1977, p. 42)). Thus, the route goes—according to
Wagner—from Weber to Bergson, via Kaufman and to Husserl.

In Husserl, Schütz apparently found what he needed to add to Bergson’s theory of inner
duration and the simultaneities of the experience, namely the notion of intersubjectivity. We
perceive the life-world as common and take for granted our fellowmen, and even though
every individual perceives from an individual and specific point of view, we consider the
life-world as being identical to everybody. Also, we take for granted that everybody takes
the life-world for granted in essentially the same way. And it is precisely because of this
reciprocity that we are able to orient our actions towards other people, expecting them to
behave in a “typical” manner.

It was also in Husserl that Schütz found an adequate explanation of how subjective
experiences are transitioned to objective conception which is essential to his theory of
typification (Wagner (1983, p. 41)). It is in the process of typification that the social reality
is so constructed as to provide meaning to the different individuals as well as the social
scientists. It is in the “everyday life” that individuals through typifications pursue the
meaning and the knowledge that is to be interpreted:
“Let us try to characterize the way in which the wide-awake grown-up man looks at the intersubjectivity of daily life within which and upon which he acts and as a man amidst his fellow-men. This world existed before our birth, experiences and interpreted by others, our predecessors, as an organized world. Now it is given to our experiences and interpretation. All interpretation of this world is based on a stock of previous experiences in the form of “knowledge at hand” function as a scheme of reference. To this stock of knowledge at hand belongs our knowledge that the world we live in is a world of more or less well circumscribed objects with more or less definite qualities, objects among which we move, which resist us and upon which we may act. Yet none of these objects is perceived as insulated. From the outset it is an object within a horizon of familiarity and pre-aquaintanceship which is, as such, just taken for granted until further notice as the unquestioned, though at any time questionable stock of knowledge at hand. The unquestioned pre-experiences are, however, also from the outset, at hand as typical, that is, as carrying open horizons of anticipated similar experiences” (1953, p. 7).

However, as much as Schütz admired Husserl’s writings, he did never call himself a “Husserlian”, nor—as Wagner (1983, p. 42) notes—call his sociology an “eidetic science”. This is perhaps so because Schütz, unlike Husserl, did not want to enter questions about the transcendental constitution of the “natural attitude”, instead, Schütz wanted the concept of intersubjectivity to be unquestionable, a fact always related to human experience and analysis within the sphere of the “natural attitude” (Schütz (1959)). Note also that Schütz wanted to apply his phenomenological reasoning to the fundamental problems of the social sciences; he wanted, unlike Husserl, a “phenomenology applied” (Natanson (1976)).

But where, then, should we look for a motivation for the emphasis on the intersubjectivity and the typicality of the life-world, if not in Husserl per se? This is a question which faces those interested in the genealogy of Schützian thought, and it is a question of equal importance for Austrian economics, I think. Taking a closer look at theorists who were very close to Schütz, personally and intellectually, rather than counting the references quoted in e.g., “The Phenomenology of the Social World” (Wagner (1983), points to this in making the case for Husserl as a main-inspiration) will perhaps lead us to find the key inspirations in Schütz’s writings. And perhaps it would even lead us to see Austrian economics in a Schützian fashion. Such a suggestion leads us to Vienna, more specifically to Vienna in the 1930s, as well as to some important Austrian economists, especially Mises, Machlup and Hayek.

Alfred Schütz and the Austrian school: Personal relations

Wagner’s story does not directly exclude the Austrian fellows (at least not at the personal level), whom Wagner refers to as Schütz’s “close friendships with persons who shared his intellectual interests”, and who were “closely interwoven with the story of his intellectual life” (1983, p. 13). And yet, he didn’t enter into discussions as to what extent these relationships were important for Schütz’s own development; nor does he discuss the similarities in their work. Wagner’s references to Austrian economists (Mises and Hayek), both in his biography (1983) and in his editors’ prefaces to the present ‘Collected Paper, volume IV’
are more often used to distance Schütz from the Austrians, than to point out the affinities.⁵ One might speculate that this was caused by Wagner himself having a somewhat distanced relationship to Mises’ political issues, and that this might have affected his interpretation of Schütz:

“In contrast to von Hayek and in agreement with many other students of von Mises, he (i.e., Schütz) did not subscribe to the extreme economic liberalism of his teacher (i.e., Mises)” (Wagner (1983, p. 12)).

This view is also clear in Wagner’s contribution to the present volume IV of the ‘Collected Papers’ where we are told in the editor’s preface to the recent translation of Schütz’s review of Mises’ “Grundprobleme der Nationalökonomie” (1934), that:

“Ludwig von Mises was Schütz’s principal teacher of economics at the University of Vienna and represented the third generation of the Viennese School of the theory of marginal utility . . . a theory noted for its adherence to an utterly unrestrained principle of free competition. . . . Schütz himself would not seem to have been enthusiastic about the theory of unrestrained . . . competition” (Wagner in Schütz (1996, p. 88)).

But Wagner made no effort in telling just where in the writings of Schütz this statement could find support. Perhaps we will find the opposite to be the case—that Schütz actually felt attracted to the “theory of unrestrained competition.” Schütz was, recall, among the early members of the Mont Pelerin Society, the classical-liberal society founded by Hayek (Machlup in Mises (1976, p. 206)). Hence, a sympathetic approach to classical liberalism could be expected. Clearly, Wagner is not ipso facto to blame for this last misinterpretation, since he is just one of the editors to the volume IV of the ‘Collected Papers’. However, a co-editor notes something important about Wagner, namely that he “translated what he preferred” (in Schütz (1996, p. 239n)). It may, therefore, very well be that Wagner—not Schütz—is the one who finds Mises’ political statements (his “theory of unrestrained competition” and his “extreme economic liberalism”) damaging—and that Wagner’s anti-Misesianism is responsible for his misinterpretation of the relationship between Mises and Schütz. That would also explain why Wagner both in 1983 and in 1996 neglected a very important letter from Schütz to his friend, Adolph Löwe, where Schütz expressed his admiration for the marginal principle and a keen interest in Mises’ theory of human action and in particularly the concept of rationality.⁶ These considerations are, however, ignored in Wagner’s understanding.

A more “revisionist” interpretation of Schütz allows us to see the affinities and thus indicate that there are several reasons why Schütz may deserve close attention from contemporary Austrians. This position is—in different ways—represented by contributions

⁵See Kurttild-Klitgaard (1997) for a discussion of Wagner’s errors on the personal level.
⁶Since it is (still) unpublished, quotations from this letter are not permitted. Those interested should consult the Schütz-archives in the Beinecke Library at Yale University; the letter is very important in showing just how close Schütz actually was to Mises’ theory of action, his view on rationality and his respect for marginalism.

Perhaps these ‘revisionist’ interpretations were initiated by Helling (1984) who suggested that the differences between Schütz and his friend Kaufman were caused by Kaufman being not as involved as Schütz in the Mises-Kreis (ibid, p. 152). However, the most well-known early ‘revisionist’ was Christopher Prendergast, who in an often referred-to essay argued that Schütz’s works represented something very important to sociology, economics, and other social sciences:

“In his reconstruction of the ideal-type, Schütz promised to reconcile history, the most humanistic social science, with economics, the most nomothetic. Looking beyond Max Weber, who saw sociology as a generalized auxiliary discipline to economics as well, provided that a common methodology and a common corpus of concepts united the three fields. No longer operating in isolation or competition, each discipline would become progressively more “objective”, in the sense of utilizing the smallest number of concepts recognized as relevant to their respective subject matter” (1986, p. 2).

According to Prendergast, “The Phenomenology of the Social World” was not intended for research in the phenomenological tradition per se, but for “the group of scholars interested in the methodological problems of the social sciences, especially those defending or modifying the epistemological standpoint of the Austrian School of economics” (ibid, p. 3), of which “Schütz never questioned the core elements”, and was “[c]ommitted to the school’s overall methodological standpoint” (ibid, p. 3).

This seems consistent with the two lectures given in the Mises-Kreis, published in the volume IV: “Toward a Viable Sociology” (Schütz (1928)), and “Understanding and Acting in Political Economy and Other Social Sciences” (Schütz (1930)). For instance, in trying to explore the problem of the relationship between knowledge and action, the Misesian concept of human action finds its relevance:

“The term, “knowledge”, contains and presupposes conduct oriented toward others. [And] … [a]ccording to the postulate of the investigation of the meaning intended, the knowledge of the sociologists is based on the knowledge that the actor has of the “subject of orientation”. . . . The expression, “oriented toward”, implicitly already contains “knowledge” of the other. . . . Acting [upon this knowledge] is measured according too . . . the validity of the interpretative scheme of the type of reality is tested by its purposiveness” (1928, p. 76).

Schütz also later (Schütz, 1953) found, while speaking about the “social distribution of knowledge” (ibid, pp. 14–15), that Hayek, who is known to have stressed the division of knowledge, rather than its structure and distribution, was essentially arguing along the same lines: “This statement” (about how knowledge is distributed), said Schütz, “anticipates the analysis of the common-sense constructs related to the understanding of our fellow-men.” And,
[w]ith the exception of some economists (e.g., F.A. Hayek, “Economics and Knowledge”, Economica, February, 1937) the problem of the social distribution of knowledge has not attracted the attention of the social scientists it merits. It opens a new field for theoretical and empirical research which would truly deserve the name of a sociology of knowledge, now reserved for an ill-defined discipline which just takes for granted the social distribution of knowledge, upon which it is founded. It may be hoped that the systematic investigation of this field will yield significant contributions to many problems of the social sciences such as those of social role, of social stratification, of institutional or organizational behavior, of the sociology of occupations and professions, of prestige and status, etc.” (ibid, p. 15n).

But especially interesting is his review of Mises (1933). Here Schütz mentions that Mises does not only deserve credit for his work in economics: “Sociology too owes him many basic contributions” (Schütz (1934, p. 88)), and although Mises—according to Schütz—“does not do justice to Weber in his polemic”, he finds Mises’ 1933 book, “[w]ritten in an unusual attractive manner”, very significant for the social sciences and gives his unreserved recommendation:

“Whatever one’s position may be toward details of the concepts offered by von Mises, every unprejudiced reader will have to agree that sociology and political economy either will have to be pursued as theoretical sciences or they will not be sciences” (Schütz (1934, pp. 91, 92)).

This statement reflects Schütz eagerness for a general science of the essence of human action—an eagerness that was fostered by his connotations to Austrian economics in Vienna in the 1920s and 1930s.

**Vienna and the Mises-Kreis**

It is important to remember that Schütz lived his early years in the very intellectually stimulating environment of Vienna. Despite its problematic relations between various social and ethnical groups and a high rate of unemployment, it was generally considered to be a quite unique and very important period in the history of ideas (Craver (1986)). Among Schütz’s teachers in Vienna were Hans Kelsen in Sociology and Wieser in economics (Wagner (1983, p. 11)). Schütz never studied directly under Mises, despite Mises being his examiner in the obligatory course in economics and international law that Schütz had to take in order to get his law-degree (Interview with Alfred Schütz, November 20th, 1958, p. 1). Mises was recognized as “a fine theoretician and teacher” (Craver (1986, p. 5)); a teacher, who Schütz considered as being very strict. As reported in an interview (Interview with Alfred Schütz, November 20th, 1958) Schütz recalled an episode in 1920 when he and

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7 This interview was made and conducted by Bettina B. Greaves. I am indebted to her for providing me with the interview and for permitting me to use it.
other students were waiting outside the classroom, looking down the staircase to spot the examiners (who were unknown until the day of the examination) as these were coming up. And when they saw Mises approaching, they all said “Oh, Oh”. Schütz at that time only knew Mises by reputation, including being a very strict examiner (Interview with Alfred Schütz, p. 2). During the examination, Schütz felt that Mises, asking specific questions about capital goods theory, recognized that he knew more about economics than the other students, and so Mises pursued his questioning of Schütz on various economic questions. One of these was whether Schütz had read John Bates Clark’s book on capital theory, and Schütz answered: “Truthfully, yes”. Mises then asked Schütz if he had read it in the English original or in the German translation. “I must answer truthfully”, Schütz replied, “I read it in the English original”. Schütz recalled that Mises replied to that, “It is good you answered as you did—because there is no German translation” (ibid).

But shortly after this episode Mises was to become a very important figure to Schütz. From his friend, Fritz Machlup, he heard about Mises’ private seminar and Mises accepted him in, even though it was normally reserved for doctorants. In the beginning, Schütz was not particularly interested, but as he attended his first meeting he kept going there and found them both interesting and stimulating (Interview with Alfred Schütz, p. 2). This seminar, the Mises-Kreis, was one of the intellectual Kreise that were going on in Vienna in this period. The Kreise were where all the “intelligentsia” met. On this Kreis, Mises himself notes:

“My Privatseminar had no official meaning or function. It was connected neither with the University nor with the Chamber. It was and remained the circle of my much younger friends. Outsiders knew nothing of our meetings; they merely saw the words that were published by the participants. We formed neither school, congregation, nor sect. We helped each other more through contradiction than agreement. But we agreed and were united on one endeavor: to further the sciences of human action. . . . Each one worked by himself, as it befits a thinker. And yet one of us labored for the circle, seeking no compensation other than simple recognition, not the applause of his friends. There was greatness in this unpretentious exchange of ideas; in it we all found happiness and satisfaction” (Mises (1978, p. 98)).

Other members were Hayek, Haberler, Machlup, Morgenstern, Fürth, Kaufmann and Voegelin (Mises (1978, p. 100)). They met every two weeks in Mises’s office in the Chamber of Commerce to discuss questions relating to general themes which were determined in advance, like methodology, economics, monetary policy, and the works of Pigou and Keynes (Machlup in Mises (1976, p. 202); Interview with Alfred Schütz, p. 3). They
continued the formal part of the debate until around 10 p.m.—and then went to one of the coffeehouses and continued further. Usually, Mises was then accompanied home by Machlup and Schütz and the latter two often talked until three and four in the morning (Interview with Alfred Schütz, p. 3). Despite its non-official character, Mises himself considered the Privat-Seminar to be what “his main teaching effort was focused on”:

“Beginning in 1920, during the months of October to June, a number of young people gathered around me once every two weeks. My office in the Chamber of Commerce was spacious enough to accommodate twenty to twenty-five persons. We usually met at seven in the evening and adjourned at ten-thirty. In these meetings we informally discussed all important problems of economics, social philosophy, sociology, logic, and the epistemology of the sciences of human action. In this circle the younger Austrian School of economics [i.e., after Menger and Böhm-Bawerk] lived on; in this circle the Viennese culture produced one of its last blossoms. Here I was neither teacher nor director of seminar. I was merely *primus inter pares* (first among peers) who himself benefited more than he gave” (Mises (1978, p. 97)).

It was in this environment that Schütz initially formed his ideas, as well as being the forum where he first formulated and tried out his ideas (see, e.g., his lectures (1928, 1930)). He also became a close friend of both Hayek and Machlup, friendships that continued after the end of the Mises-Kreis. But the most central person to Schütz was Mises himself (cf. e.g., Interview with Alfred Schütz, November 20th, 1958; Kurrild-Klitgaard (1997)). Schütz deeply regretted that Mises had not been given the intellectual credit he deserved. Mises never managed to become a full Professor—neither in Vienna nor New York; something that Schütz had a very clear opinion about:

“While “zeroes” . . . like Mayer, who never published anything and who didn’t amount to anything were made professors, Mises never had that honor. Mises was the leading pupil of Böhm-Bawerk and was considered really the second man in the Austrian School, second that is to Schumpeter” (Interview with Alfred Schütz, p. 7).

Schütz left Vienna and went to Paris in 1938 and later moved to US in 1939. He maintained in the US his friendship with Mises, and was described by Margit von Mises as “a good friend of Lu’s” (1976, p. 56). It was Schütz who welcomed Mises when he and Margit in 1940 decided to go to the US, where Mises’ “good friend” and “former participant in his seminar”, Alfred Schütz, welcomed Mises when arriving (ibid.):

“Especially close to us were Dr. Alfred Schütz and his wife, Ilse. It was he who welcomed us at the pier in New Jersey and who tried hard to lift Lu’s sunken spirit” (Mises (1976, p. 60)).

group from which so large percentage of members became internationally recognized scholars” (Mises (1976, p. 203)).
He remained a close friend of Mises (as well as of Hayek and Machlup) until his death in 1959; the Miseses were “as close friends as one can have in New York” (Interview with Alfred Schütz, p. 6). Schütz never forgot that it was Mises who gave him his first job as a financial advisor though he only kept this job to be able to continue his intellectual work (Mises (1976, p. 60)).

**Some common (Misesian) themes**

The relations between Schütz and the important figures in the history of Austrian economic thought are not only matters of personal affiliations and friendships. And considering his interactions with the Austrians in Vienna, it seems likely that Schütz’s participation in the Mises-Kreis might have affected his writings and infused them with Austrian insights. As noted by Helmut Wagner, the angle from which Schütz came was the sociology of understanding as introduced by Weber.¹⁰ Schütz’s first assignment in the Mises-seminar was on Weber’s methodology (Interview with Alfred Schütz, p. 3), which Schütz wanted to reformulate into a general methodology useful for the split between economics and sociology:

“When Schütz began to consider himself a social scientist, he paid homage to established central European traditions. Only the technicians in applied fields respected the boundaries of given academic disciplines. All serious theorists, regardless of their approaches, knew that the social reality was larger than any theoretically defined domain. They may have assigned a preferential position to their own discipline within the conglomerate of social-science disciplines, as von Mises did. But they readily took in territories which, by definition, lay outside the boundaries of their discipline to the fields of social science. And his economic studies beyond the realm of his technical-professional specialization encouraged him to bridge the formal gap between theoretical Economics and Sociology” (Wagner (1983, p. 13)).

Mises himself had made a great effort in order to establish a general social science, “Praxeology” (1933, 1949). Economics was just one discipline under the praxeological umbrella. Until 1929 Mises found the adequate term for this discipline—including economics—to be sociology (cf. also Boettke (1998b)):

“When, in 1929, I first published the second essay of this collection [i.e., Mises, 1933], I still believed that it was unnecessary to introduce a new term to signify the general theoretical science of human action as distinguished from the historical studies dealing with human action performed in the past. I thought that it would be possible to imply for this purpose the term sociology, which in the opinion of some authors was designed to signify such a general theoretical science. Only later did I realize that this was not expedient and adopted the term praxeology” (Mises (1933, p. xvi)).

¹⁰Max Weber was, of course, also a great inspiration for Mises and Lachmann in search for a general theory of human action (cf. Boettke (1990)).
Mises had been criticizing Weber for using a narrow concept of marginal utility theory as being connected to “the businessman” and “calculations based on knowledge of all the relevant conditions” (1933, p. 93). This, Mises complains, clearly overlooks the subjectivity of action (ibid). The Misesian path concerning the general science of human action was continued and extended by Schütz, representing his attempt to bridge the sciences of economics and sociology. The way in which Schütz understood economics was indeed very Misesian; to Schütz, as to Mises, the general theory of human action involved a theory of rational action and a theory of understanding. But, unlike Schütz, Mises did not develop a theory of intersubjective understanding. “Understanding”, he said, “is the specific mental tool of history”, while conception is “the mental tool of praxeology” (1949, p. 51), both of these being important “main branches of the science of human action” (ibid, p. 30).11

Important in this regard is, as noted by several authors, Schütz’ relationship to Austrian marginalism:

“Schütz accepted marginal utility theory in principle. . . . What kept him within the Viennese School were its underlying interpretative assumptions; it explained an apparently mechanical and impersonal economy process in terms of subjective decisions and individual actions—a conception that would become one of the main stays of Schütz’ social-scientific orientations” (Wagner (1983, p. 12)).

Hence, his motive seems somehow broader than Mises’ view on economics, since Austrian marginalism was unable to explain how individuals could obtain knowledge of each other’s motives for their actions—Austrian marginalism could not take into account the presence of intersubjectivity. Therefore, the emphasis on intersubjectivity seems to originate less from a dissatisfaction with Bergson and Husserl per se (as Wagner (1983), seems to mean), but was fostered already in Schütz’s student years and through interaction within the sphere of Austrian marginalism (which also led him into the economic/sociology realm). However, this mild disagreement with Austrian marginalism does not mean that Schütz’ participation in the Mises-Kreis was not important for his ideas; nor that he was not interested in economics. In fact, Hayek wanted to translate and publish in Economica the essay “Political Economy: Human Conduct in Social Life” (1936) which was occasioned by Hayek’s visit in Vienna in 1936. However, for somehow unknown reasons it was never published (Editors’ preface in Schütz (1996, p. 93)). Nevertheless, the essay remains very Austrian in spirit and demonstrates Schütz’s interest in economics. “While the concept of equilibrium,” he asserts, can be “pedagogically or heuristically purposeful . . . the important question is whether the conceptual model of a state of equilibrium can be constructed without contradiction and, should this be the case, what explicit and implicit preconditions are then presupposed. Such questions belong to the realm of the logic of pure economics” (Schütz (1936, pp. 93–44)). Schütz viewed the sphere of social sciences as being at different levels; theoretical economics, political economy or Mises’ praxeology, belong to the highly anonymous sphere of ‘anyone’s action’:

11See Koppl (1997) for a splendid discussion on the similarities and differences between Mise’s and Schütz’s views of “verstehen”.
“Only a science of objective meaning is capable of forming “laws of universal validity”. Political economy is a science of objective meaning. It does not deal with action which is built up phase-by-phase in the course of consciousness pertaining to the Thou; it deals instead with the anonymous processes of actions by an impersonal “someone”. Just this sets off the subject-matter of political economy from that of understanding sociology (and also that of history)” (Schütz (1930, p. 86)).

Perhaps the most important shared theme between Mises and Schütz is the one on the status of rationality. Schütz’s concept of rationality is essential to understand his attempt to reconcile economics and sociology. But moreover, his concept of rationality is the Misesian one, intimately linked to Misesian praxeology and starting out with the assumption that individual agents always act:

“The starting point of praxeology is not a choice of actions and a decision about methods of procedure, but reflection about the essence of action” (Mises (1949, p. 39)).

Praxeological reasoning deals with purposeful human action, which is the essential object of social science, involving necessary human intentionality:

“Human action is purposeful behavior. . . . Action is will put into operation and transformed into an agency, is aiming at ends and goals, is the ego’s meaningful response to stimuli and to the conditions of its environment, is a person’s conscious adjustment to the state of the universe that determine his life” (ibid).

Further, the concept of action is an a-priori category which “is on a par with the principle of causality. It is . . . the concept of the being who act. Our consciousness is that of an ego which is capable of acting and does act. . . . Our thinking about men and their conduct, and our conduct toward men and toward our surroundings in general, presuppose the category of action” (Mises (1981, p. 14)).

This has nothing to do with a neoclassical homo economicus, but that of homo agens, an abstract ideal-typical category which corresponds to an analysis pure formal in its character (cf. Schütz in Helling (1988, p. 64)):

“Nothing whatsoever is stated as to the specific objects of choice and nothing even as to the principle according to which this choice is made, except that this choice . . . has to be interpreted as a rational one. The concept of ‘satisfaction’ or ‘maximization of satisfaction’ has as so far not entered the analysis”.

This homo agens is a concept at the highest level of abstraction possible to the sphere of human action. This means that no specific motives or preferences are imputed; rationality, thus, is “a category of the scientific observation of the social world and not a category of the mind of the actor within the world. . . . Therefore, in its primary denotation, the conceptual scheme of rationality is valid only on the level of theoretical observation” (Schütz (1940, p. 7)). Mises agrees. “Economics”, he asserts,
“does not deal with an imaginary homo oeconomicus as ineradicable fables reproach it with doing, but with homo agens as really is, often weak, stupid, inconsiderate, and badly instructed. It does not matter whether his motives and emotions are to be qualified as noble or as mean. It does not contend that man strives only after more material wealth for himself and his kin. Its theorems are neutral with regard to ultimate judgements of value, and are valid for all actions irrespective of their expediency” (Mises (1944, p. 24)).

Hence, dealing with this kind of rationality we cannot obtain understanding of the meaning attached by the different individuals. To obtain such an understanding, we must grasp the meaning which the agent uses in his projected act and in his acting. And to answer this, Schütz started out by stressing that every human action is purposeful and oriented toward the future; or, put in his own terms, since “[a]ction is behavior based on an antecedent project . . . it follows that every action is rational. Without such a project, one does not “act”; one merely “behaves” or “has experiences” (1932, p. 239).

Both Mises and Schütz saw human action as being understandable in terms of different degrees of ‘typicality’ (or anonymity, to use Schützian words) of the types involved (cf. Boettke (1998b)). In Mises’s critique of Max Weber, he noted that “the basis of Weber’s misconceptions can be exposed only by consideration of the question whether the concepts of economics actually have the logical character of ideal-types” (Mises (1933, p. 78)), and continued in the following way:

“This question is plainly to be answered in the negative. It is quite true also of the concepts of economics that they are “never empirically identifiable in reality” in their “conceptual purity”. Concepts are never and nowhere to be found in reality; they belong rather to the province of thought. They are intellectual means by which we can seek to grasp reality in thought. Yet it cannot be contended that these concepts of economic theory are obtained through “one-sided intensification of one or several aspects and through integration into an immanently consistent conceptual representation of a multiplicity of scattered and discrete individual phenomena, present here in greater number, there in less, and occasionally not at all, which are in congruity with these one-sidedly intensified aspects. On the contrary, they are obtained through reflections having in view the comprehension of what is contained in each of the individual phenomena taken into consideration” (ibid, pp. 78–79).

Schütz’ reaction was that Mises’ criticism was “valid” and that the Weberian notion criticized would be “applicable only to historical data . . . in contrast to the concepts of theoretical sociology derived by abstraction from aspects of each of the individual phenomena under consideration” (ibid).

The question which Schütz confronted in his reinterpretation of Weber’s ideal-type was to generate statements of human action of use to the social sciences, recognizing that individual’s knowledge is subjective and in flux. Central to addressing this question was to emphasize that our “life-world” consisted of a multitude of “others”, with whom we live and interact, although our specific knowledge of them is scarce. That is, we are more or less “anonyme” to each other, despite the fact that the lifeworld in which we are both is full
of structures containing intersubjective knowledge (see, especially Schütz and Luckmann (1973, 1989)). This knowledge is used by imputing “typical” “Course of action-types” and “personal ideal types” to the individuals to analyze what happen if he/she follow particular “roles” (Personal ideal-types”) or pursue certain ends (“Course of action-type”). The anonymity of the particular “type” may vary, depending on the purpose of the particular type. That is, ideal-types must be

“arranged according to the degree of increasing anonymity of the relationship among contemporaries involved and therewith of the construct needed to grasp the other and his behavior. It becomes apparent that an increase in anonymity involves a decrease in fullness of content. The more anonymous the typifying construct is the more detached is it from the uniqueness of the individual fellowman involved, the fewer aspects also of his personality and behavior pattern enter the typification as being relevant to the purpose at hand, for the sake of which the type has been constructed. If we distinguish between (subjective) personal ideal types and (objective) course-of-action types we may say that increasing anonymization of the construct leads to the superseding of the former by the latter. In complete anonymization the individuals are supposed to be interchangeable, and the course-of-action type refers to the behavior of “whomsoever” action in the way defined by the construct” (Schütz (1953, pp. 17–18)).

Thus, ideal-types, such as Mises’ “evenly Rotating Economy”, though they may never exist in reality, encapsulate understanding of reality as being “intellectual means by which we seek to grasp reality in thought”. Thus, ideal types serve the function of the “proper mental tool of the examination of change”:

“There is no means of studying the complex phenomena of action other than first to abstract from change altogether, then to introduce an isolated factor provoking change, and ultimately to analyze its effects under the assumption that other things remain unequal. It is furthermore absurd to believe that the services rendered by the construction of an evenly rotating economy are the more valuable the more the object of our studies, the realm of real action, corresponds to this construction in respect to absences of change. The static method, the employment of the imaginary construction of an evenly rotating economy, is the only adequate method of analyzing the changes concerned without regard to whether they are great or small, sudden or slow” (Mises (1949, pp. 247–248)).

Ideal-types are thus concepts that serve as methodological devices for analyzing change. They allow abstraction from the particulars and the idiosyncrasies of the world, produce statements of general scientific validity, and improve our understanding of phenomena by grasping the meaning of action (cf. Langlois and Koppl (1991)).

[The primary task of . . . science is to describe the processes of meaning-establishment and meaning-interpretation as these are carried out by individuals living in the social world. This description can be empirical or eidetic; it can take as its subject matter the individual or the typical; it can be performed in concrete situations of everyday life
or with a high degree of generality. But, over and above this, interpretive sociology approaches such cultural objects and seeks to understand their meaning by applying to them in interpretative schemes thus obtained” (Schütz (1932, pp. 248–249)).

Understanding the meaningful interpretations that individuals establish in order to be able to act in their everyday life was essential to both Schütz and Mises in their search for a general science of human action. And it is a concern that should interest both sociologists and economists who are interested in how human cooperation evolve among actors being more or less ‘anonymous’ to each other (Ebeling (1987)), in the emergence of institutions that are guiding those human actors (Boettke (1990), O’Driscoll and Rizzo (1985)) and in how we should analyze and understand such processes of human action (Langlois and Koppl (1991), Koppl (1997)). The interpretive reasoning that this requires lies at the heart of the Austrian view (Boettke (1990)) and the Schützian analysis may help enrich our analysis and make our considerations more sophisticated.

Concluding comments

On a number of issues, of which only a few have been considered here, Schütz’s relationship with Austrian economics remains very close, on the personal, the methodological, and the theoretical level. Especially close to Schütz was Mises and his economics. Through their friendship Schütz was deeply influenced by Mises and Austrian economics, personally as well as intellectually. The present ‘volume IV’ of Schütz’s collected papers adds substantial material to our understanding of these relations. And important work has already been undertaken in order to emphasize the relevance of Schütz in the Austrian economics curriculum (e.g., Boettke (1990, 1998b), Koppl (1992, 1994, 1997), Kurrild-Klitgaard (1997), Prendergast (1986, 1993)).

It has been indicated that the lack of interest and adequate research on the relationship between Schütz and the Austrian school has been caused, at least partly, by Helmut Wagner’s understatement of Austrian economics, both in his biography of Schütz (Wagner (1983)) and in the present ‘volume IV’ of Schütz’s ‘Collected Papers’ (Schütz (1996)). As sophisticated contributions recognize, however, there is not necessarily on all dimensions an antagonism between Alfred Schütz’s and Mises’s view of human action, but rather a strong similarity (Boettke (1998b), Prendergast (1986, 1993)). This is consistent with the suggestion that Schütz was a “Weberian sociologist” and an “Austrian economist” (Boettke (1998b, p. 7)), and his reconstruction of the Weberian ideal-type was done in the light of rather Austrian principles.

Clearly, there are some important points of contact between Schützian phenomenology and Misean praxeology; for example, the assumption of rationality and purposive action is central to both approaches. And they both kept a keen interest in understanding the meaning of action and interpreting phenomena in order to obtain an understanding of those phenomena. This, Schütz and Mises argue, is what constitutes science: “Science is the application of reason for a systematic description and interpretation of phenomena” (Mises (1944, p. 36)). Future efforts in working out the relations between Schütz and Austrian Economics in a more detailed way, whether on the personal, methodological, or
theoretical level, may greatly benefit from his ‘Collected Papers, ‘volume IV.’ There is great material for thought here, and perhaps Austrian economics and Austrian economists, by paying closer attention to Schütz and his ideas, might fulfill the Misesian call for interpretive reasoning when complaining that “[t]he importance of phenomenology for the solution of the epistemological problems of praxeology has not been noticed at all” (Mises (1944, p. 19)).

References


Interview with Alfred Schütz, November 20, 1958. Made and Conducted by Bettina B. Greaves.


