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Indifference – in defense of orthodoxy

Abstract

The aim of the present paper is to defend the classical Misesian-Rothbardian-Blockian¹ position on indifference against its nowadays critics – be it neo-classical economists (the outstanding representative of which is Bryan Caplan) or Austrians (especially against the ingenious attempt by Hoppe, Machaj and, recently, O’Neill). Furthermore, the paper attempts to solidify the Blockian concept of the same good (units of the same commodity), which – if conclusively solved – would halt Nozick’s challenge and would thus allow for the unproblematic formulation of the law of marginal utility.

Keywords

indifference, strict preference, weak preference, subjective value scale, praxeology

Introduction

One might plausibly wonder why the question of whether we act on indifference or solely on strict preference should matter at all. After all, eventually, human agents do something, that is they must necessarily pick up one available option and forgo the others. Why should it then make all the difference in the world if human agents act (at least sometimes) on indifference or on strict preference exclusively? Well, it must be conceded that it is not *truly* a choice between two conflicting hypotheses with divergent predictive powers. After all, economics lacks predictive power. It must be admitted that this skepticism carries some weight; yet, there are two objections at our disposal. First and foremost, in the vein of Ludwig von Mises (von Mises, 1999), since praxeology, and then economics *a fortiori*, deals with human action, that is purposeful behaviour, we should somehow *interpret* actual people’s choices. Thus, we may interpret the actual choices made by human as either flowing from strict preference or from weak preference² (thus giving room to indifference).

¹ My fancy hyphenated attributive adjective basically refers to the traditional doctrine of strict preference coined by Mises (1999). The phrase I coined is to underline the three representatives (by no means are the last two mere epigones of Mises) of the view I am trying to defend hereby.

² Weak preference means that when a person faced a choice between A and B, and he eventually picked up A, we can

So, at the very least, the controversy rages over the proper interpretation of human action; or in other words, how to make sense of the observable human behaviour. In the forthcoming section I will try to show that the consequences stemming from the interpretation of human behaviour alluding to indifference brings disastrous consequences. Therefore, I would claim that the interpretation under scrutiny now would seriously disfigure the nature of human action.

Second, indifference, *once admitted into economic analysis*, unfortunately gives rise to indifference curves. Then all the hell breaks loose because I cannot see any theoretical obstacle to extending indifference analysis of equally good ratios to more than *two or three* goods. Why shouldn't we then aver that indifference curves could possibly operate in three-dimensional spaces or even hyperspaces, or, paradoxically enough, why shouldn't we have equally optimal choices across different goods? For instance, where is the obstacle to saying that we equally value two bananas and an apple as compared to one CD and an orange? We might even, following the footsteps of Bryan Caplan (1999, pp 823-838), go more radical and claim that we can act on indifference even when we embark upon trading. The author believed that even when one made a purchase, it still may be validly maintained that one might have equally refrained from the very purchase and have been no worse off in the end. But then again, how to account for the otherwise curious fact that one decided to make a purchase if not by resorting to strict preference? If we allow the possibility that human agents act on indifference, indifference can predictably permeate our realm of actions and we are therefore deprived of the *only* explanatory device, which is strict preference. For how to make sense of people's coherent life plans? To reduce it to absurdity and put in the most dramatic fashion: do they do the former *because* they might equally well remain inactive and hope for the best? If that is supposed to explain a particular action, it is the feeblest *explicans* ever possible.

On the other hand, my sticking to Misesian-Rothbardian-Blockian³ orthodoxy is not without cost either. First off, being a die-hard devotee of strict (and only strict) preference makes one vulnerable to Nozick's challenge. It has been famously suggested by Nozick (1997, pp. 353-392) that the concept of indifference is somehow indispensable to conceiving of *the same good* or of *the supply of a commodity* but I would argue to the contrary, that is that conceptualizing the same good *in terms of indifference* would critically distort the

safely say that he weakly preferred A to B, that is he either strictly preferred it, or was indifferent between the two.

³ The phrase will be hereinafter referred to as MRB view

former concept⁴. Nozick believed that Austrians need the notion of indifference in order to formulate the law of marginal utility. For where else does the law of marginal utility apply, if not in the realm of *the same good*? And this, in turn, allegedly implies indifference. I will endeavour to get around this problem. The problems seem to loom large. That is because the law of marginal utility is conditional in its nature and it starts operating only when its antecedent is met, that is there are *units of the same commodity*. Then, to state the said law meaningfully one is obliged to make some sense of the units of the same good, which must be especially troubling for the adherents of MRB strict preference view as one by necessity cannot demonstrate that one equally values even physically homogeneous goods (or fungible goods for that matter) since he *necessarily* picks up one of them and leaves all the others (e.g. any trade of money for one of physically homogenous objects). Then, the elucidation of the concept of *the same good* is definitely due.

There is one more instance of skepticism I would like to address and the point is quite related to the introductory poser whether the issue of indifference should matter at all. A highly relevant question, raised by Caplan (1999), is whether the whole debate is merely a verbal dispute. After all, it might seem that the word in Block's and in Caplan's mouth represent two distinct concepts. Block does not deny then that indifference is tenable when it comes to psychology (so no controversy just yet) but bars it steadfastly from the realm of praxeology and this is exactly where the controversy starts. As mentioned in passing above, when indifference enters the sanctified area of economics, it wreaks havoc there by giving rise to indifference curves (of whatever number of dimensions), yielding the concept of substitute good a superfluous one and, crucially, it deprives us of the only explanation at hand which can make sense of the fact that people make choices, that is they set *some actions aside* and *pick up the others* (Block, 2011).

After enumerating the merits and (alleged) demerits of strict-preference view, let me, first and foremost, in my defense of orthodoxy elucidate the problems that advocates of weak preference (e.g. such distinguished authors as O' Neill or Machaj) and the rather ingenious reformulation of the strict-preference view by Hoppe (2005, pp. 87-91)⁵ face.

⁴ My argument will be directed against Machaj (2007) in particular with polemics extending over his idea of praxeological indifference as equally good possibilities for action.

⁵ On strict-reference view and indifference in general, see: Block, 1980, 2009, 2012; Block and Barnett, 2010; Hoppe, 2005, 2009. I labelled it as reformulation of the old Misesian doctrine of strict preference because Hoppe at least admits that indifference would reduce us to inaction. On the other hand, Hoppe's is Pyrrhic victory since his theory necessitates fancy disjunctive alternatives being preferable to some other options (disjunctive alternatives inclusive). So, just to save a hint of the old doctrine (Misesian strict-preference), what is subject to

Having shown the inevitable predicament the said authors are caught in, I will proceed with showing relative merits of MRB view and in the meantime I will sharpen the understanding of the notion of *the same good*, which would help us to withstand the Nozickian challenge⁶.

Weak-preference orderings (the case of O' Neill and Machaj)

The latest stands in our debate were taken by e.g. Ben O'Neill (2010, pp. 71-98) and Mateusz Machaj (2007, pp. 231-238). I lump the two authors together as they generally adhere to the same position, that is they admit the apparent validity of weak-preference orderings. To endorse the above, a quote from O' Neill would suffice:

“Machaj makes the same point when he discusses the fact that indifference and homogeneity must be described in terms of what is unseen as well as what is seen (see Machaj, 2009, p. 233). This point should not be taken to mean that we cannot *infer* indifference; it simply means that we cannot *observe* it in an action and any such inference must involve some assumption or belief about counterfactual action.” (O' Neill, 2010, p. 93).

I will proceed to criticize Machaj later, but let us first deal with O' Neil. To my mind, the most fundamental problem with O' Neill is his attempt to derive indifference (and strict preference too) from what he calls “the primary relation”. Let us quote O' Neill at length now:

“Under this approach, the primary relation established by action is the “no worse than” relation, which is the absence of strict preference contradicting the action taken. The relation is an example of a *non-strict* preference ordering (also sometimes called a *weak* preference) in that it includes the possibility that the decision maker is indifferent between the chosen action and one or more foregone actions. Strict preferences and indifference between outcomes are then regarded as derivatives of this primary relation, and can be explained in terms of this relation [...]” (O' Neill, 2010, p. 93).

The above-quoted fragment merits special attention for this is O' Neill's key justification of indifference. Yet, despite its logical appearance it immediately arouses suspicion. It is certainly true that, logically speaking, it is from the relation of weak preference that the

choice are possible disjunctive alternatives (with two or more equally optimal possibilities), which seems to be a high price to pay indeed. What is more, as I shall argue, Hoppe's explanation, however elegant it is, is trivial.

⁶ In the actual fact, I do not pretend to solve this perennial problem of economics, which aroused such big debates as those alluded hereto. My pretense is only to sharpen the understanding of the concept of the same good and systematically present the map of the present positions on the issue discussed.

existence of both indifference and strict preference might be inferred. To draw an analogy, let us assume we are trying to prove the existence of squares and we invoke the concept of rectangles. After all, rectangles constitute a superset in relation to which squares are but a proper subset. Undeniably, there are even-sided and uneven-sided rectangles, the former being identical with squares. To put it formally:

$p \vee q \Rightarrow p$,

where p are even-sided rectangles (squares) and q refers to uneven-sided rectangles.

In other words: to put it in more Boolean terms; from the sum of two sets A and B (even if they may overlap) it follows that one of them exists.

The above formula is obviously *tautologically* true and structurally speaking, I cannot see a single disanalogy between O'Neill's inference and my geometrical inference. O'Neill's reasoning is surely logically flawless; yet, it totally lacks any persuasive power since the exemplification of $p \vee q$ formula is at least as controversial as the existence of p , which stands for indifference relation. Let us disentangle O'Neill's tautology step by step to eventually show its manifestly vacuous character.

1. People can also act on indifference *because people primarily act on weak preference*
2. Weak preference is a relation which orders our choices by "no worse than" relation
3. "No worse than" relation means that the option which people pick up is either better or equally good as some option foregone
4. Acting on indifference means that we chose some option which is as good as some option foregone

Concluding (in the form of a revealed tautology):

5. People can sometimes pick up one of a few equally optimal options because they either pick up equally optimal options or strictly better options.

Yes, true and it must be granted. Still, isn't it all vacuous and lacking in any explanatory power? To reiterate, O'Neill's *explicans* ($p \vee q$) is at least as controversial as his *explicandum* (p), which is the relation of indifference. Second of all, O'Neill's approach is reductive; that is, it (as in natural science) tries to make sense of "the data" (here the apparent "data" to be

explained is the relation of indifference itself) by trying to find a hypothesis from which it logically follows. Yet, praxeology is normally conceived of as purely deductive, that is true propositions flow from the self-evidently true action axiom. If O'Neil somehow logically reduced his problem to the said self-evident axiom, all the praxeological edifice would stand firm in all its glory. Yet, indifference is manifestly at odds with the unassailable action axiom because indifference is never ever manifested in action. It seems then that the burden of proof is still on O'Neill.

Furthermore, there is another crucial aspect of O'Neill's reasoning under the section 'Strict Preference Induced as a Result of Choice', which merits criticism – especially in the light of the fact that the said section constitutes a straightforward “critique” of Block's position (Block, 1980, pp. 397-444). Let us first allow O'Neill to speak his mind:

“Block holds that indifference between different actions can exist prior to the choice between them, but, as soon as a choice from the class of equally optimal actions is made by the actor, some preference between the actions must be formed, in order to choose one of the actions over the other[...].” (O'Neill, 2010, p. 81).

Then, O'Neill goes on to allude to all too familiar an example of 100 units of butter, an illustration having been invented by Block himself. Eventually, O'Neil plays his hand and ventures his interpretation and a seemingly biting criticism:

“This approach means that the preferences between the units of butter change during the course of the transaction, not as a result of any change in the owner's view of the serviceability of those units, not as a result of any disparity in their purchasing power or their ability to satisfy their wants, but solely as a result of the necessity of choice [...]. Under this view, the units of butter were homogenous before the choice, but are not homogenous after the choice.” (O'Neill, 2010, p. 82).

On the face of it, O'Neill's remarks look very reasonable indeed. The assumption lying behind O'Neill's point is obviously correct. He tacitly implies that it is preferences that drive choice and not *vice versa*. In other words, preferences are our ultimate given and then (I am tempted to add that the relation of preference must be strict), when our physical powers happen to be conducive to making a choice, eventually some choice occurs. But still, epistemologically speaking, O'Neill simply puts the cart before the horse. It is because epistemologically speaking, we can infer preferences (strict ones) from actions themselves. Praxeology does not bother with declared preferences after all. Instead, praxeological order of reasoning is this: once an action A was done, it was strictly preferred. Therefore, an

occurrence of some action is a *sufficient condition* for concluding that there indeed was a strict preference. If, on the other hand, a butter seller were genuinely indifferent between the units of butter, he would be unable to choose. And now: once he has made a choice, we conclude he acted on strict preference; more precisely, he did give up a unit he valued least.

At this point, I would venture a sort of interpretation of the unabashed confidence in the strict-preference view, advocated by Block himself. What can be the possible ultimate reason that would make us incline either towards weak-preference or strict-preference theory? Both of them look like ultimate underlying assumptions, and there seems to be no inference thereof from some still more fundamental premises. Block does not appear to extricate himself from question-beggingness either. Let us notice the following passage: “But if we were to “get technical” about the matter, it would be at the very least extremely puzzling for a man to select a green sweater *in preference* to the blue if he were truly indifferent between them (underlining mine)”. Isn’t it manifestly question-begging? Block presupposes what he would like to prove unless “in preference” means something else. But what then? And a few lines below, continuing in the same cavalier fashion: “Very much to the contrary, if when presented with both the person selected green instead of blue, we as outside analysts, or economists, would be entitled to infer from this act a preference for green” (Block, 1999, p. 2). And then again, it is highly problematic. What we want to investigate is the validity of this very inference but Block seems to assume it.⁷ The seemingly good escape route is to assume that the inference is purely definitional, that is preference is defined in terms of choice; that is whatever was chosen was strictly preferred *by definition*. We know it because that is the way we define preference. I wouldn’t give my right hand whether this is what Block meant in his reply to O’Neill but let me quote Block at length now and let the readers judge themselves: “The reason our consumer picks a certain pound of butter out of all the other alternatives available to him has nothing to do with changing the causal relationship between “choices” or “preferences”. Preferences still come at the same time as choices, since choices embody preferences. For the Austrian there are not two things that occur at different times; first preference, and then choice [...]” (Block, 2012, pp. 2). If that is the case, it would invalidate the above *modus tollens* reasoning I suggested above. On the other hand, it seems that Block reduces preferences to choices and the ‘inference’ works because it is simply terminologically stipulated. That section as well as the general problem of the relation between preferences and choice merit further investigation.

⁷ As a last resort, we can find some independent argument for the relative advantage of strict-preference over weak-preference view, that strategy I will employ in one of the forthcoming sections.

Let me now go on and deliver a final blow against O' Neill's weak-preference orderings. In his paper, O' Neill refers to the celebrated example invented by Hans-Hermann Hoppe (2005, pp. 87-91). There is the mother whose two sons (Peter and Paul) drown and the conjunction of the mother's saving both Paul and Peter is physically impossible. So she must choose whom to save, or, in the end, she might stay on the beach and do nothing (in an ordinary sense for, praxeologically speaking, she would still act staying on the beach thus demonstrating her strict preference for just being there, remaining inactive). The supposed value scale might be presented as follows:

- 1) Saving Peter
- 2) Saving Paul
- 3) Saving none

(since O' Neill is a proponent of weak-preference orderings, it might be the case that there are ties between 1) and 2) and between 2) and 3), which predicts, 'being equally good' being a transitive relation, that it may be the case that 1) is as good as 3) for the actor. The very consequence thereof is presented below).

The paradoxical outcome of O'Neill's theory is that even if the mother comes to rescue to one of her sons, the author could still interpret her action as resulting from being indifferent between letting both of them die (tantamount to staying on the beach) and rescuing one of them. Can indifference ever explain her desperate efforts to save a drowning child? Can the mother ever say with the straight face upon saving (for example) Peter: "My action does not have any moral worth. I was acting on indifference. It would have been equally good for me if I had stayed on the beach".

Now, I would like to turn my attention to the author who bears some semblance to O' Neill in that he tries to work out a *praxeological* case for indifference, that is to Machaj (2007).

Machaj's paper revolves about the idea of homogeneity, which is, I believe, synonymous with indifference itself. Machaj approximates the idea by first trying to consider whether homogeneity can be conceived of as physical identity. He concludes that being physically identical is insufficient to constitute homogenous goods. A wedding ring on your fiancée's finger is less valuable than the one at jeweler's even if they are both physically identical (Machaj, 2007, p.232). So far, so good.

The second approximation is to conceive of indifference as holding in the realm of psychology, which, strangely enough, Machaj passes on lightly quoting Rothbard that

indifference is “rather a part of the murky ideas of psychology[...]” (Rothbard, 1977). The stakes are high and Machaj aims high as he ventures to make a praxeological case for indifference. And now we are *in medias res*. Machaj finally makes his third attempt, which is trying to show the relevance of indifference for actions. Let Machaj speak for himself now: “How can we define homogeneity in this framework? It’s very easy – two objects are homogenous *if they both can serve the same end*. If so, it follows these are two units of the same supply because they are *capable of satisfying the particular need*. From the point of view of the *actor’s* particular need they are *homogenous* and *interchangeable* or *equally serviceable*. It does not have anything to do with psychological considerations or physical characteristics, but rather with its possibilities of actions.” (Machaj, 2007, p. 234).

This is all fair enough. Machaj resorts to *what is unseen*. He claims that even if it is true that a particular choice was made, it could have been otherwise since an actor could possibly satisfy his wants to the same degree by employing some other means. And then again, how does Machaj account for an actual choice? He takes up the example of an actor choosing between a blue and red sweater where the *need to satisfy* is to wear a (any) sweater because the actor is simply cold. Let us quote a highly relevant passage: “In some sense, we can say that *from the point of view of satisfying his particular need* acting man will be *indifferent* towards his two sweaters. This “indifference” will not be psychological, as in the neoclassical analysis, but will be strictly praxeological: both sweaters are equally serviceable in the light of the particular need. In the means-and-ends framework those two become a part of the same supply of goods.” (Machaj, 200, pp. 234-235).

And now the fragment in which Machaj tries “to have his cake it and eat it” but instead produces a great tension: “They are homogenous before action and after action. One person acting and actually choosing one of the sweaters demonstrates his preference for it. But this does not change the fact that *if the end is to keep warm, then* both sweaters are homogenous and man is indifferent which one will satisfy *this* particular need.” (Machaj, 2007, p. 235).

Then again, how to reconcile the man’s apparent indifference with what Machaj explicitly calls ‘preference’ for one of the sweaters. The old Rothbardian *dictum* (Rothbard, 1977) comes back with vengeance. One simply cannot demonstrate indifference in action. He necessarily picks up one over the other – for whatever reason. For instance, their respective location relative to an actor. Then continues Machaj with his apparent case for praxeological indifference: “[...] Somebody might ask, if a man is indifferent to the two homogenous sweaters, because they

both can serve the same end, how does it happen that in action one is preferred over the other? The answer is also simple: because other factors come into play. The immediate response can be: why ignore these factors? Well, the common sense answer is because we want to explain why the prices of these things we call “apples” are different from these things we call “cars” even though by acting one can make all of them heterogeneous. We, as living human beings, have a rational tendency to group things under different labels. It is as simple as that!” (Machaj, 2007, 235).

Funnily enough, in this excerpt, Machaj gave away his entire ‘praxeological’ case for indifference. First of all, resorting to “different factors” coming into play in explaining the actual choice is misfired. That is because the very occurrence of those “different cars” would constitute different goods. Let me avail myself of one imaginary example. Let us imagine we live in a village with two bakeries at hand, both of them equidistant from our house. They sell physically identical bread (and only bread). Yet, in one of them, the shop assistant smiles at you while in the other he or she does not. Don’t we ultimately buy *different goods* even when we buy physically identical bread? Obviously, when A and B can serve the same end equally well, any actor would pick A if A can serve some additional end (e. g. shop assistant’s smile making your day; or, for that matter, A can be simply closer to you; or, on your left side if you happen to be left-handed). So, after all, Machaj’s sweaters are not homogeneous if they can serve *not identical list of ends* and they do not since “other factors come into play”. Second of all, Machaj seems to finally turn to a physical definition of indifference, the one he resigned from during his first approximation (his brilliant example with the wedding ring). It is indeed true that – without hair-splitting – we can consider apples homogenous but that is exactly what Machaj would not like to argue for because his agenda involves conceiving of indifference praxeologically. And if we pick up “a particular need” then totally varied things may transpire to be equally serviceable. But I would not dare to regard a luxurious car and a bus as equally serviceable once we pick up a particular end to satisfy: moving from A and B. “Other factors come into play” and definitely make them *different goods*, the factors being comfort, the feeling of snobbery etc.

The drawbacks of Hoppe’s solution

The last, but by no means least, formidable opponent of orthodoxy I am trying to tackle is Hans-Hermann Hoppe with his outstanding paper *Must Austrians Embrace Indifference?* (2005). The focus of our attention will be the already-mentioned thought experiment with the mother and her drowning children (Peter and Paul). Hoppe claims that

action is always about strict preference and he devises an ingenious way to show that we can *choose only* among the alternatives ordered by the relation of strict preference and he somehow accommodates equally optimal choices into one amalgam and it is only the amalgam which is subject to choice. Let me illustrate it with Hoppe's own example by considering two possible scenarios. Hoppe says that if the mother is genuinely indifferent between saving Peter or Paul but still prefers saving one of them to none, her value scale looks as follows:

Scenario 1.

- 1) Saving Peter or (disjunctively) saving Paul
- 2) Saving none

If, on the other hand the mother is not indifferent between her sons, she basically chooses among three options of different value. Then,

Scenario 2.

- 1) Saving Peter
- 2) Saving Paul
- 3) Saving none

All in all, the mother never acts on indifference. If there is indifference, then the mother does not choose between equally optimal options but she chooses between the *disjunctive alternative* and, say, another disjunctive alternative or a single option she values differently (see: Scenario 2).

What is wrong with this highly elegant Hoppean solution? I posit that the problem is that the theory is simply trivial. Contrary to the old doctrine of demonstrated preference, where it was the action that signified choice of strict preference (in other words, the inference went from actions to preferences), Hoppe's theory starts with value scales and projects them into action. In other words, we know what kind of preference an action involves *only because* we have a mysterious access to preference scales and we can readily read whether a person is genuinely indifferent between any options or not. But we should bear in mind that in the Misesian theory, value scales did not exist independently of action. It was action that provided us with a peek into value scales; more specifically, it was by virtue of an actual act that we could infer a preference (a strict one!) of the choice made by the actor to some other option he saw as a possibility. On the other hand, how does Hoppe know which value-scale scenario (1 or 2) the action of, say, saving Peter, conforms to? Let us imagine this: the mother saves Peter in the end. How is Hoppe to conclude whether she

was indifferent between saving Peter or Paul or she strictly preferred Paul over Peter? Unfortunately, Hoppe does not know that at all. He assumes a given value-scale scenario and makes it a benchmark for drawing conclusions on which preferences were demonstrated. To illustrate in Scenario 1, Hoppe knows the mother chose only between saving one child over doing nothing only because he assumed that he is indifferent between her sons. By the same token, how does Hoppe know that in Scenario 2 the mother chose between three options? Only because he *assumed* that the mother was not indifferent between Peter and Paul in the first place. But, and that is the key point, the praxeological tradition, which I am trying to adhere to, does not care about such indifference at all. Once there was action, we cannot infer indifference. Such indifference as conceived of by Hoppe has no place in Austrian economics. What Austrian economists are allowed to infer is strict preference only. There are no possible inferences related to indifference. Therefore, Hoppe's theory is trivially true because it seems to infer what it already knows. Everything is assumed in the value scale already; so, action does not reveal anything at all. It must necessarily conform to the already existing value scales. I wonder then how Hoppe could make sense of the doctrine of demonstrated preference on the grounds of his theory. On his account, action does not demonstrate anything over and above what is already assumed in the value scales.

An independent argument for strict-preference view as the one relatively better than weak-preference view

Before we move to a positive account of what can be a proper conceptualization of the same good, I would like to suggest some relative merits of the strict-preference view over the weak-preference one, being faced with the above-mentioned agnosticism. The argument for strict preference is that, all things considered, action is of a binary nature, that is some options are set aside, whereas others are chosen. Hoppe in his paper focuses on the correct description of action (2005). He is interested what is the real end an actor is pursuing. Let us elucidate the idea by some variation on the theme of drowning children. Hoppe claims that action has an external manifestation as well some internal mentalist component. The issue is crucial because it allows Hoppe to state – as he believes – whether the mother wanted to save *one* child or *one particular child* (Peter or Paul (disjunctively)). Let me then proceed with my variation. Let us assume then for the sake of an argument that the *correct description* of the mother's action was to (*mentalist aspect*) save some *secret information* Peter was the sole bearer of. Paul simply was not told the information Peter was provided with and it is only through saving Peter that the mother can ever learn what

the secret information is. Should Hoppe now modify his value scale? Now the best choice would be to save the information which was *only accidentally* branded on Peter's mind by his already deceased father. And now the action occurs: the mother has saved Peter. What can the praxeologist infer from this? One can infer that she did prefer saving Peter to any other option he saw as a possibility. It is certainly true that she could have saved Peter for various different reasons and she did – in fact – have a quite specific reason to do so. Yet, it does not matter at all for the praxeologist. It is still apodictically true that she did prefer the world with only Peter as a survivor to the world in which only Paul is the survivor. So, finally, strict-preference view does not have to resort to intricate psychological elucubrations, nor make any substantive enquiries about actors' reasons. Neither does it explain a choice in terms of possible indifference – a fallacy which O' Neill seems to have fallen for.

What is the same good? An approximation

So, finally, how to tackle the problem of stating the law of marginal utility meaningfully? The elucidation of the concept of the same good is definitely due because, as mentioned in the introductory section, the law of marginal utility is conditional and is contingent upon the notion of the same good. Then, let us delve into the idea of the same commodity starting with some important provisos.

The notion of the same good cannot, logically speaking, be explained by resorting to the fact that if we are to give up every successive object (the question whether it is the same good or not does not come up yet), we would deprive ourselves of successively bigger and bigger satisfactions. That would definitely prove too much as the above observation holds true regardless of the type of good involved.⁸ Just to illustrate, if we have three means (scarce resources A, B and C) and if we are to give up one of them, we would give up the one which would conceivably bring us the least satisfaction regardless of whether they can be classified as the same good. Therefore, this condition is too strong and being only a necessary condition of the same good, it does not constitute a sufficient one.

Second, we should bear in mind that the idea that some units can be subsumed under the concept of the same good cannot be demonstrated. It must be noted that action necessarily signifies choice and even if the units represent the same good, they are never ever equally serviceable in action⁹. Therefore, should we abandon any hope to account for *the same good*

⁸ It would basically account for the logic of every human action. It would not, specifically, account for the notion of the same good.

⁹ On the said idea see: Block, 1999.

in the realm of praxeology? No. What then is the positive side of my efforts here? I would claim the following relations hold true.

1) If the units are physically homogenous they necessarily constitute the same good. Why? As long as they are in fact and are perceived by an actor as physically identical, they must serve and be perceived as serving the *same list of ends*. Obviously, when it comes to action, some “other factors would come into play” and in the realm of praxeology they can no longer be regarded as being the units of the same goods. But before an action, they necessarily serve the same set of needs being physically identical.

2) Physically identical resources is a sufficient condition for the same good although not a necessary one.

Why? The above may be true because it may happen that a given subject may perceive two resources as serving exactly the same ends. Obviously, objectively speaking, two resources being physically heterogeneous actually would serve different sets of ends; yet, these ends may overlap and this overlap may be the only set of purposes a subject attaches to those two resources. For example, an especially ignorant subject may not distinguish between CDs and DVDs as far as their respective uses are concerned (since it takes the same player which can play both). Making the concept of *the same good* relative to a subject cannot be a mistake because the very subjective turn in economics associated usually with Menger (2007) says that a good is in the eye of the beholder; that is, an economizing subject must perceive something as satisfying his or her ends for that something to be labelled as a good in the first place. Then again, the same good operates only psychologically (in the perception of an economizing subject), that is before the action. So, for the subject in Scenario 2) since DVDs and CDs are believed to serve the same list of ends, the law of marginal utility would not distinguish between them either. The subject, when faced with a choice to give up one item of them, would give up either CD or a DVD and resign from the least pressing purpose they both (according to him) serve. The second unit to give up would be either CD or DVD too etc.¹⁰

Now, being equipped with the sharpened notion of the same good, we can state the law of marginal utility rather simply. Each successive unit of the same good (now comprised of our two possibilities) will be employed for satisfying still less pressing needs. In other words, when the units are physically identical (possibility 1) or are perceived by an

¹⁰ Needless to say, when it comes to action a subject cannot demonstrate that those objects are items of the same stock. Neither can he demonstrate that they are equally serviceable.

economizing subject as *servicing the same list of ends* (possibility 2), then the subject will employ each successive unit to serve his still less pressing needs. On the other hand, if the subject is to give up a unit of *the same good* (again: either possibility 1 or 2 inclusively), then he will put aside the least pressing needs he *believes* each unit can satisfy.¹¹

Finally, where is the place for indifference then? The considerations by Menger on the law of marginal utility come in handy.¹² When there are units of the same good (let us assume we know what it is), a person necessarily values those successive units in the descending order of importance. When the value of the n-th unit approaches zero, we can imagine that the next units would not satisfy any further purposes of the individual. Therefore, a subject would be indifferent between using the next few units, or three of them or none of them. They are no longer *economic goods*! So, indifference again turns out to be a notion lying outside the area of economics. When air is a free good, man does not economize it *by definition*. Man does not choose between employing three gallons of air or four because on the margin the utility of air is zero! After all, it is still superabundant.

The last shelter for indifference is exactly the place Block reserves for the concept, and which coincides (not accidentally though because I drew on Block's theory in the first place) with my first two possible scenarios of construing the concept of the same good.

Conclusions

It appears that the good old orthodoxy may be successfully defended against contemporary razor-sharp thinkers addressed herein. Specifically, O'Neill and Machaj do not really pose any problem to the classical view as they are both caught in a still bigger predicament. The former author allows indifference to account for choice. Therefore, he ends up with effectively saying that a person chose A over B merely *because* he may have been indifferent between the two, which is suspicious enough. The latter wavers between the physical or praxeological account for homogeneity despite his high aspirations of making a "praxeological case for indifference". Hoppe's account, on the other hand, seems to be trivial and not true to the letter of the well-established doctrine of demonstrated preference as, for Hoppe, a given action can only demonstrate the preference which is already assumed to have operated. Finally, I was attempting to sharpen the Blockian idea of the same supply, as conceived of psychologically. I hope it in turn got us closer to stating the law of marginal utility in at least a quite incisive way.

¹¹ That he believes each unit satisfies that least pressing end can be inferred from the fact that our notion of the same good implies that the units of the commodity are believed to serve the same and only the same set of ends.

¹² Menger, 2007.

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