

The Hermeneutical Invasion of Philosophy and Economics

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In recent years, economists have invaded other intellectual disciplines and, in the dubious name of “science,” have employed staggeringly oversimplified assumptions in order to make sweeping and provocative conclusions about fields they know very little about. This is a modern form of “economic imperialism” in the realm of the intellect. Almost always, the bias of this economic imperialism has been quantitative and implicitly Benthamite, in which poetry and pushpin are reduced to a single-level, and which amply justifies the gibe of Oscar Wilde about cynics, that they [economists] know the price of everything and the value of nothing. The results of this economic imperialism have been particularly ludicrous in the fields of sex, the family, and education.

So why then does the present author, not a Benthamite, now have the temerity to tackle a field as arcane, abstruse, metaphysical, and seemingly unrelated to economics as hermeneutics? Here my plea is the always legitimate one of self-defense. Discipline after discipline, from literature to political theory to philosophy to history, have been invaded by an arrogant band of hermeneuticians, and now even economics is under assault. Hence, this article is in the nature of a counterattack.

To begin, the dictionary definition of hermeneutics is the age-old discipline of interpreting the Bible. Until the 1920s or 1930s, indeed, hermeneutics was confined to theologians and departments of religion. But things changed with the advent of the murky German doctrines of Martin Heidegger, the founder of modern hermeneutics. With the death of Heidegger, the apostolic succession of head of the hermeneutical movement fell upon his student, Hans-Georg Gadamer, who still wears this mantle.

The greatest success of the hermeneutical movement has been achieved in recent decades, beginning in the closely related movement of “deconstructionism” in literary criticism. Headed by the French theorists Michel Foucault, Paul Ricoeur, and Jacques Derrida, deconstructionism in the Western Hemisphere

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is led by the formidable Department of English at Yale University, from which it has spread to conquer most of the English-literature departments in the United States and Canada. The essential message of deconstructionism and hermeneutics can be variously summed up as nihilism, relativism, and solipsism. That is, either there is no objective truth or, if there is, we can never discover it. With each person being bound to his own subjective views, feelings, history, and so on, there is no method of discovering objective truth. In literature, the most elemental procedure of literary criticism (that is, trying to figure out what a given author meant to say) becomes impossible. Communication between writer and reader similarly becomes hopeless; furthermore, not only can no reader ever figure out what an author meant to say, but even the author does not know or understand what he himself meant to say, so fragmented, confused, and driven is each particular individual. So, since it is impossible to figure out what Shakespeare, Conrad, Plato, Aristotle, or Machiavelli meant, what becomes the point of either reading or writing literary or philosophical criticism?

It is an interesting question, one that the deconstructionists and other hermeneuticians have of course not been able to answer. By their own avowed declaration, it is impossible for deconstructionists to understand literary texts or, for example, for Gadamer to understand Aristotle, upon whom he has nevertheless written at enormous length. As the English philosopher Jonathan Barnes has pointed out in his brilliant and witty critique of hermeneutics, Gadamer, not having anything to say about Aristotle or his works, is reduced to reporting his own subjective musings—a sort of lengthy account of “what Aristotle means to me.”¹ Setting aside the hermeneutical problem of whether or not Gadamer can *know* even what Aristotle means to him, we push back the problem another notch. Namely, why in the world should anyone but Gadamer, except possibly his mother or wife, be in the least interested in the question of what Aristotle means to him? And even in the improbable event that we *were* interested in this earth-shattering question, we would in any case be prevented on hermeneutical principles from understanding Gadamer’s answer.

Deconstruction and hermeneutics are clearly self-refuting on many levels. If we cannot understand the meaning of any texts, then why are we bothering with trying to understand or to take seriously the works or doctrines of authors who aggressively proclaim their own incomprehensibility?

Incomprehensibility

Indeed, a crucial point about the hermeneuticians is that, for them, incomprehensibility is a self-fulfilling prophecy. As a colleague of mine ruefully told me: “I have read everything on hermeneutics I can lay my hands on, and I understand no more about it than I did when I first started.” Even in a profession—philosophy—not exactly famous for its sparkle or lucidity, one of

the most remarkable qualities of the hermeneuticians is their horrendous and incomparably murky style. Stalactites and stalagmites of jargon words are piled upon each other in a veritable kitchen midden of stupefying and meaningless prose. Hermeneuticians seem to be incapable of writing a clear English, or indeed a clear German sentence. Critics of hermeneutics—such as Jonathan Barnes or David Gordon²—are understandably moved to satire, to stating or quoting hermeneutical tracts and then “translating” them into simple English, where invariably they are revealed as either banal or idiotic.

At first, I thought that these German hermeneuticians were simply ill served by their translators into English. But my German friends assure me that Heidegger, Gadamer et al. are equally unintelligible in the original. Indeed, in a recently translated essay, Eric Voegelin, a philosopher not normally given to scintillating wit, was moved to ridicule Heidegger’s language. Referring to Heidegger’s masterwork, *Sein und Zeit* (Being and Time), Voegelin refers to the meaningless but insistent repetition of a veritable philosophical dictionary of phrases as the *Anwesen des Anwesenden* (“the presence of that which is present”), the *Dingen des Dings* (“the thinging of the thing”), the *Nichten des Nichts* (“the nothinging of the nothing”), and finally to the *zeigenden Zeichen des Zeigzeugs* (“the pointing sign of the pointing implement”), all of which is designed, says Voegelin, to whip up the reader “into a reality-withdrawing state of linguistic delirium.”³

On Gadamer and the hermeneuticians, Jonathan Barnes writes:

What, then, are the characteristic features of hermeneutical philosophy? Its enemies will wade in with adjectives like *empty*, *vapid*, *dreamy*, *woolly*, *rhetorical*. Gadamer himself tells an uncharacteristic story. At the end of a seminar on Cajetan, Heidegger once startled his devoted audience by posing the question: “What is being?” “We sat there staring and shaking our heads over the absurdity of the question.” Quite right too, say the enemies of hermeneutics: the question is perfectly absurd. But Gadamer has only a frail sense of the absurd, and his own readers ought to react as he once—but alas, only once—reacted to Heidegger.

Barnes goes on to say that Gadamer admits “that his thought has sometimes been less than pellucid.” He further quotes Gadamer as saying:

Certainly I sometimes spoke over [my pupils] heads and put too many complications into my train of thought. Even earlier my friends had invented a new scientific measure, the “Gad,” which designated a settled measure of unnecessary complications.

Barnes adds that

Some may prefer to this self-congratulatory little story a remark which Gadamer makes of his younger self: “Despite my title of doctor, I was still a 22-year

old boy who thought rather murkily, who reacted portentously to murky thinking, and who still did not really know what was going on.”

Barnes adds: “Did the boy ever grow up?”⁴

At this point we may cite Sir Karl Popper on G.W.F. Hegel, who counts along with Friedrich Schleiermacher as at least a great-grandfather of hermeneutics. What Popper lacks in satiric gifts he makes up in the vehemence of the scorn that he heaps upon the legion of his philosophical enemies, real or imagined. After denouncing Hegel’s “high-flown gibberish” and “imbecile fancies,” Popper quotes with obvious relish the attack on Hegel by his contemporary Schopenhauer as

a flat-headed, insipid, nauseating, illiterate charlatan, who reached the pinnacle of audacity in scribbling together and dishing up the craziest mystifying nonsense. This nonsense has been noisily proclaimed as immortal wisdom by mercenary followers and readily accepted as such by all fools, who thus joined into as perfect a chorus of admiration as had ever been heard before.⁵

Why this enormous acclaim and influence exerted by mystifying nonsense? In addition to noting its establishment in the interests of the Prussian state, Popper offers the following explanation:

For some reason, philosophers have kept around themselves, even in our day, something of the atmosphere of the magician. Philosophy is considered a strange and abstruse kind of thing, dealing with those mysteries with which religion deals, but not in a way which can be “revealed unto babes” or to common people; it is considered to be too profound for that, and to be the religion and theology of the intellectuals, of the learned and wise.⁶

For a final citation on the incomprehensibility of hermeneutics, let us turn to the witty and devastating demolition by H.L. Mencken of Thorstein Veblen, another early protohermeneutician and an institutionalist opponent of the idea of economic law. In the course of an essay featuring the “translation” into English of Veblen’s indecipherable prose, Mencken wrote that what was truly remarkable about Veblen’s ideas

was the astoundingly grandiose and rococo manner of their statement, the almost unbelievable tediousness and flatulence of the gifted headmaster’s prose, his unprecedented talent for saying nothing in an august and heroic manner. . . .

Marx, I daresay, had said a good deal of it long before him, and what Marx overlooked had been said over and over again by his heirs and assigns. But Marx, at this business, labored under a technical handicap; he wrote in German, a language he actually understood. Prof. Veblen submitted himself to no such disadvantage. Though born, I believe, in these States, and resident here all his life, he achieved the effect, perhaps without employing the means,

of thinking in some unearthly foreign language—say Swahili, Sumerian or Old Bulgarian—and then painfully clawing his thoughts into a copious and uncertain but book-learned English. The result was a style that affected the higher cerebral centers like a constant roll of subway expresses. The second result was a sort of bewildered numbness of the senses, as before some fabulous and unearthly marvel. And the third result, if I make no mistake, was the celebrity of the professor as a Great Thinker.⁷

Collectivism

Marx, in fact, has been hailed by the hermeneuticians as one of the grandfathers of the movement. In 1985, for example, at the annual meeting of the Western Political Science Association in Las Vegas, virtually every paper offered in political theory was a hermeneutical one. A paradigmatic title would be “Political Life as a Text: Hermeneutics and Interpretation in Marx, Heidegger, Gadamer, and Foucault.” (Substitute freely such names as Ricoeur and Derrida, with an occasional bow to Habermas.)

I do not believe it an accident that Karl Marx is considered one of the great hermeneuticians. This century has seen a series of devastating setbacks to Marxism, to its pretensions to “scientific truth,” and to its theoretical propositions as well as to its empirical assertions and predictions. If Marxism has been riddled both in theory and in practice, then what can Marxian cultists fall back on? It seems to me that hermeneutics fits very well into an era that we might, following a Marxian gambit about capitalism, call “late Marxism” or Marxism-in-decline. Marxism is not true and is not science, but so what? The hermeneuticians tell us that nothing is objectively true, and therefore that all views and propositions are subjective, relative to the whims and feelings of each individual. So why should Marxian yearnings not be equally as valid as anyone else’s? By the way of hermeneutics, these yearnings cannot be subject to refutation. And since there is no objective reality, and since reality is created by every man’s subjective interpretations, then all social problems reduce to personal and nonrational tastes. If, then, hermeneutical Marxists find capitalism ugly and unlovely, and they find socialism beautiful, why should they not attempt to put their personal esthetic preferences into action? If they feel that socialism is beautiful, what can stop them, especially since there are no laws of economics or truths of political philosophy to place obstacles in their path?

It is no accident that, with the exception of a handful of contemporary economists—who will be treated further later—every single hermeneutician, past and present, has been an avowed collectivist, either of the left- or right-wing variety, and sometimes veering from one collectivism to another in accordance with the realities of power. Marx, Veblen, Schmoller, and the German Historical school are well known. As for the modern hermeneuticians,

Heidegger found it all too easy to become an enthusiastic Nazi once the Nazi regime had been established. And Gadamer had no difficulty whatever adapting either to the Nazi regime (where he was known for having only a “loose sympathy” with the Third Reich) or to the Soviet occupation in East Germany (where, in his own words, he won “the special esteem of the Russian cultural authorities” for carrying out “their directives exactly, even against my own convictions”).⁸

“Openness” and Keeping the “Conversation” Going

Here we must note two variants of the common hermeneutical theme. On the one hand are the candid relativists and nihilists, who assert, with an inconsistently absolutist fervor, that there is no truth. These hold with the notorious dictum of the epistemological anarchist Paul Feyerabend that “anything goes.” Anything, be it astronomy or astrology, is of equal validity or, rather, equal invalidity. The one possible virtue of the “anything goes” doctrine is that at least everyone can abandon the scientific or philosophic enterprise and go fishing or get drunk. This virtue, however, is rejected by the mainstream hermeneuticians, because it would put an end to their beloved and interminable “conversation.” In short, the mainstream hermeneuticians do not like the “anything goes” dictum because, instead of being epistemological anarchists, they are epistemological pests. They insist that even though it is impossible to arrive at objective truth or indeed even to understand other theorists or scientists, that we all still have a deep moral obligation to engage in an endless dialogue or, as they call it, “conversation” to try to arrive at some sort of fleeting quasi truth. To the hermeneutician, truth is the shifting sands of subjective relativism, based on an ephemeral “consensus” of the subjective minds engaging in the endless conversation. But the worst thing is that the hermeneuticians assert that there is no objective way, whether by empirical observation or logical reasoning, to provide any criteria for such a consensus. Since there are no rational criteria for agreement, any consensus is necessarily arbitrary, based on God knows what—personal whim, charisma of one or more of the conversationalists, or perhaps sheer power and intimidation. Since there is no criterion, the consensus is subject to instant and rapid change, depending on the arbitrary mind-set of the participants or, of course, a change in the people constituting the eternal conversation.

A new group of hermeneutical economists, eager to find some criteria for consensus, have latched onto a Gestalt-like phrase of the late economist Fritz Machlup, perhaps taking his name very much in vain. They call this criterion the “Aha! principle,” meaning that the truth of a proposition is based on the exclamation of “Aha!” that the proposition may arouse in someone’s breast. As Don Lavoie and Jack High put it: “We know a good explanation when

we see one, and when it induces us to say ahah.”⁹ Somehow I do not find this criterion for truth, or even for consensus, very convincing. For example, many of us would find the prospect of being confronted with the option of engaging in endless and necessarily fruitless conversation with people unable to write a clear sentence or express a clear thought to be the moral equivalent of Sartre’s *No Exit*. Furthermore, I have a hunch that if someone came up with the proposition: “It would be a great thing to give these guys a dose of objective reality over the head” or at the very least to slam the door on their conversation, that this would elicit many more fervent “Ahas!” than the murky propositions of the hermeneuticians themselves.

The prime moral duty proclaimed by the hermeneuticians is that we must at all times keep the *conversation* going. Since this duty is implicit, it is never openly defended, and so we fail to be instructed why it is our moral obligation to sustain a process that yields such puny and ephemeral results. In keeping with this alleged virtue, the hermeneuticians are fervently and dogmatically opposed to “dogmatism” and they proclaim the supreme importance of remaining endlessly “open” to everyone in the dialogue. Gadamer has proclaimed that the highest principle of hermeneutic philosophy is “holding oneself open in a conversation,” which means always recognizing “in advance, the possible correctness, even the superiority of the conversation partner’s position.” But, as Barnes points out, it is one thing to be modestly skeptical of one’s own position; it is quite another to refuse to dismiss *any other* position as false or mischievous. Barnes points out that the modest skeptic

recognizes that he himself may always be wrong. Gadamer’s “open” philosopher allows that his opponent may always be right. A modest sceptic may . . . indeed, in his modest way, regard the history of philosophy as a ceaseless campaign, marked by frequent defeats and occasional triumphs, against the ever powerful forces of fallacy and falsehood. . . . [W]ith some opponents he will not be “open”: he will be quite sure that they are wrong.¹⁰

The most important hermeneutical philosopher in the United States is Richard Rorty, who, in his celebrated book, *Philosophy and the Mirror of Nature*, devotes considerable space to the prime importance of “keeping the conversation going.” In his sparkling critique of Rorty, Henry Veatch points out that, to the crucial question of how can we conversationalists ever know which ideals or “cultural posits” (in the Rortian language) are better than others, “Rorty could only answer that, of course, there can’t be any such thing as *knowledge* in regard to matters such as these.” So, if there is no knowledge and, hence, no objective criteria for arriving at positions, we must conclude, in the words of Veatch, that “although Aristotle may well have taught that ‘philosophy begins in wonder’, . . . present-day philosophy can only end in a total conceptual or intellectual permissiveness.”¹¹ In short, we end with the

Feyerabendian “anything goes” or, to use the admiring phrase of Arthur Danto in his summary of Nietzsche, that “everything is possible.”¹² Or, in a word, total “openness.”

But if all things are open, and there are no criteria to guide conversationalists to any conclusions, how will such conclusions be made? It seems to me, following Veatch, that these decisions will be made by those with the superior Will-to-Power. And so it is not a coincidence that leading hermeneuticians have found themselves flexible and “open” in response to the stern demands of state power. After all, if Stalin, Hitler, or Pol Pot enters the “conversational” circle, they cannot be rejected out of hand, for they too may offer a superior way to consensus. If nothing is wrong and all things are open, what else can we expect? And who knows, even these rulers may decide, in a sardonic burst of Marcusean “repressive tolerance,” to keep some sort of Orwellian “conversation” going in the midst of a universal gulag.

In all the blather about openness, I am reminded of a lecture delivered by Professor Marjorie Hope Nicholson at Columbia University in 1942. In a critique of the concept of the open mind, she warned: “Don’t let your mind be so open that everything going into it falls through.”

There is another self-serving aspect to the hermeneutical demands for universal openness. For if nothing—no position, no doctrine—can be dismissed outright as false or mischievous or as blithering nonsense, then they too, our hermeneuticians, must be spared such rude dismissal. Keeping the conversation going at all costs means that these people must eternally be included. And that is perhaps the most unkindest cut of all.

If one reads the hermeneuticians, furthermore, it becomes all too clear that typically no one sentence follows from any other sentence. In other words, not only is the style abominable, but there is no reasoning in support of the conclusions. Since logic or reasoning are not considered valid by the hermeneuticians, this procedure is not surprising. Instead, for reasoning the hermeneuticians substitute dozens or scores of books, which are cited, very broadly, in virtually every paragraph. To support their statements, the hermeneuticians will list repeatedly every book that might possibly or remotely relate to the topic. In short, their only argument is from authority, an ancient philosophic fallacy which they seem to have triumphantly revived. For indeed, if there is no truth of reality, if for logic or experience, we must substitute a fleeting consensus of the subjective whims, feelings, or power plays of the various conversationalists, then what else is there but to muster as many conversationalists as possible as your supposed authorities?¹³

Armed with their special method, the hermeneuticians are therefore able to dismiss all attacks upon themselves, no matter how perceptive or penetrating, as “unscholarly.” This lofty rebuttal stems from their unique definition of *scholarly*, which for them means ponderous and obscurantist verbiage surrounded by a thicket of broad citations to largely irrelevant books and articles.

So why then have not the distinguished critics of hermeneutics played the game on their opponents' own turf and waded through the mountains and oceans of hogwash, patiently to cite and refute the hermeneuticians point by point and journal article by journal article? To ask that question is virtually to answer it. In fact, we have asked some of the critics this question, and they immediately responded in a heartfelt manner that they do not propose to dedicate the rest of their lives to wading through this miasma of balderdash. Moreover, to do so, to play by the hermeneuticians' own rules, would be to grant them too much honor. It would wrongfully imply that they are indeed worthy participants in our conversation. What they deserve instead is scorn and dismissal. Unfortunately, they do not often receive such treatment in a world in which all too many intellectuals seem to have lost their built-in ability to detect pretentious claptrap.¹⁴

Hermeneutical Economics

Economists like to think of their discipline as the "hardest" of the social sciences, and so it is no surprise that hermeneutics—though having conquered the field of literature and made severe inroads into philosophy, political thought, and history—has yet made very little dent in economics. But the economics discipline has been in a state of methodological confusion for over a decade, and in this crisis situation minority methodologies, now including hermeneutics, have begun to offer their wares.

In the economics profession, of course, the practitioners down in the trenches only loosely reflect, or indeed have scarcely any interest in, the small number of methodological reflections in the upper stories of the ivory tower. But these seemingly remote philosophical musings do have an important long-run influence on the guiding theories and directions of the discipline. For approximately two decades, Lionel Robbins' justly famous *The Nature and Significance of Economic Science* was the guiding methodological work of the profession, presenting a watered-down version of the praxeological method of Ludwig von Mises. Robbins had studied at Mises' famous *privatseminar* at Vienna, and his first edition (1932) stressed economics as a deductive discipline based on the logical implications of the universal facts of human action (e.g., that human beings try to achieve goals by using necessarily scarce means). In Robbins' more widely known second edition (1935), the Misesian influence was watered down a bit further, coupled with intimations no bigger than a man's hand of the neo-classical formalism that would hit the profession about the time of World War II.¹⁵ After the war, the older economics was inundated by an emerging formalistic and mathematical neo-classical synthesis, of Walrasian equations covering microeconomics and Keynesian geometry taking care of macro.

Aiding and abetting the conquest of economics by the new neo-classical synthesis was the celebrated article by Milton Friedman in 1953, "The Methodology of Positive Economics," which quickly swept the board, sending Robbins' *Nature and Significance* unceremoniously into the dustbin of history.¹⁶ For three decades, secure and unchallenged, the Friedman article remained virtually the only written portrayal of official methodology for modern economics.

It should be noted that, as in the triumph of the Keynesian revolution and many other conquests by various schools of economics, the Friedman article did not win the hearts and minds of economists in the pattern of what we might call the Whig theory of the history of science: by patient refutation of competing or prevailing doctrines. As in the case of the Mises-Hayek business-cycle theory dominant before Keynes' *General Theory*, the Robbins book was not refuted; it was simply passed over and forgotten. Here the Thomas Kuhn theory of successive paradigms is accurate on the sociology or process of economic thought, deplorable as it might be as a prescription for the development of a science. Too often in philosophy or the social sciences, schools of thought have succeeded each other as whim or fashion, much as one style of ladies' hemlines has succeeded another. Of course, in economics as in other sciences of human action, more sinister forces, such as politics and the drive for power, often deliberately skew the whims of fashion in their own behalf.

What Milton Friedman did was to import into economics the doctrine that had dominated philosophy for over a decade, namely logical positivism. Ironically, Friedman imported logical positivism at just about the time when its iron control over the philosophical profession in the United States had already passed its peak. For three decades, we have had to endure the smug insistence on the vital importance of empirical testing of deductions from hypotheses as a justification for the prevalence of econometric models and forecasting, as well as a universal excuse for theory being grounded on admittedly false and wildly unrealistic hypotheses. For neo-classical economic theory clearly rests on absurdly unrealistic assumptions, such as perfect knowledge; the continuing existence of a general equilibrium with no profits, no losses, and no uncertainty; and human action being encompassed by the use of calculus that assumes infinitesimally tiny changes in our perceptions and choices.

In short, this formidable apparatus of neo-classical mathematical economic theory and econometric models, all rests, from the Misesian point of view, upon the treacherous quicksand of false and even absurd assumptions. This Austrian charge of falsity and unreality, if noticed at all, was for decades loftily rebutted by pointing to Friedman's article and asserting that falsity of assumptions and premises do not matter, so long as the theory "predicts" properly. In its founding years in the early 1930s, the Econometric Society emblazoned on its escutcheon the motto, "Science is prediction," and this was the essence of the Friedman-derived defense of neoclassical theory. Austrians such as Mises

and Hayek replied that the disciplines of human action are not like the physical sciences. In human affairs, there are no laboratories where variables can be controlled and theories tested, while (unlike the physical sciences) there are no quantitative constants in a world where there is consciousness, freedom of will, and freedom to adopt values and goals and then to change them. These Austrian contentions were dismissed by neoclassicals as simply posing a greater degree of difficulty in arriving at the human sciences, but not in offering a troublesome difference in kind.

The neoclassical synthesis, however, began, in the early 1970s, to lose its power either to understand or to predict what was going on in the economy. The inflationary recession that first appeared dramatically in the 1973–74 contraction put an end to a thirty-five-year period of arrogant and unquestioned hegemony by the Keynesian wing of the neoclassical synthesis. For Keynesian theory and policy rested on the crucial assumption that inflationary recession simply cannot happen. At that point, Friedmanite monetarism came to the fore, but monetarism has now come a cropper after making a rapid series of disastrously wrong predictions from the beginning of the Reagan era until the present. But he who lives by prediction is destined to die by prediction.

In addition to these failures of Keynesianism and monetarism, the blunders and errors of econometric forecasting have become too notorious to ignore, and a wealthy and supremely arrogant profession, using ever higher-speed computer models, seems to enjoy less and less ability to forecast even the immediate future. Even governments, despite the assiduous attention and aid of top neo-classical economists and forecasters, seem to have great difficulties in forecasting *their own* spending, much less their own incomes, let alone the incomes or spending of anyone else.

Amid these failures, there has been a chipping away at the neo-classical formalism of Walrasian microeconomics, sometimes by disillusioned leaders operating from within this ruling paradigm.

As a result of these problems and failures, the last ten or fifteen years has seen the development of a classic Kuhnian “crisis situation” in the field of economics. As the positivist neo-classical orthodoxy begins to crumble, competing paradigms have emerged. Sparked also by Hayek’s receipt of a Nobel Prize in 1974, Austrian or Misesian economics has enjoyed a revival since then, with numerous Austrians teaching in colleges in the United States and Britain. Recently there have even emerged five or six Austrian graduate programs or centers in the United States.

In a crisis situation, of course, the bad jostles the good in the new atmosphere of epistemological and substantive diversity. No one ever guaranteed that if a hundred flowers should bloom, that they would all be passing fair. On the left, the nontheory of institutionalism has made a bit of a comeback, jostled by “post-Keynesians” (inspired by Joan Robinson) and “humanistic” neo-Marxists who have substituted a vague adherence to “decentralization” and

protection of all animal and vegetable life forms for the rigors of the labor theory of value.

Which brings us back to hermeneutics. For in this sort of atmosphere, even the underworld of hermeneutics will vie for its day in the sun. Probably the most prominent hermeneutical economist in the United States is Donald McCloskey, who calls his viewpoint “rhetoric” and whose attack on truth occurs in the name of rhetoric and of the eternal hermeneutical conversation.¹⁷ McCloskey, unfortunately, follows the modern path of rhetoric run hog-wild and divorced from a firm anchor in truth, overlooking the Aristotelian tradition of “noble rhetoric” as the most efficient way of persuading people of correct and true propositions. For Aristotelians, it is only “base” rhetoric that is divorced from true principles.¹⁸ McCloskey is now organizing a center for rhetorical studies at the University of Iowa, which will organize volumes on rhetoric in a number of diverse disciplines.

Much as I deplore hermeneutics, I have a certain amount of sympathy for McCloskey, an economic historian who endured years as a drill instructor and cadre leader in the Friedman-Stigler Chicago School’s positivist ranks. McCloskey is reacting against decades of arrogant positivist hegemony, of an alleged “testing” of economic theory that never really takes place, and of lofty statements by positivists that “I do not understand what you *mean*,” when they know darn well what you mean but disagree with it, and who use their narrow criteria of meaning to dismiss your argument. In this way, the positivists for a long while were able to read virtually all important philosophical questions out of court and consign them to the despised departments of religion and belles lettres. In a sense, the rise of hermeneutics is those departments’ revenge, retorting to the positivists that if “science” is only the quantitative and the “testable,” then we shall swamp you with stuff that is *really* meaningless.

It is more difficult to excuse the path travelled by the major group of hermeneuticians in economics, a cluster of renegade Austrians and ex-Misesians gathered in the Center for Market Processes at George Mason University. The spiritual head of this groupuscule, Don Lavoie, has reached the pinnacle of having his photograph printed in his magazine *Market Process* talking to the great Gadamer.¹⁹ Lavoie has organized a Society for Interpretive Economics (*interpretation* is a code word for hermeneutics) to spread the new gospel, and has had the effrontery to deliver a paper entitled “Mises and Gadamer on Theory and History,” which, as a colleague of mine has suggested, is the moral equivalent of my writing a paper entitled “Lavoie and Hitler on the Nature of Freedom.”

It must be noted that nihilism had seeped into current Austrian thought before Lavoie and his colleagues at the Center for Market Processes embraced it with such enthusiasm. It began when Ludwig M. Lachmann, who had been a disciple of Hayek in England in the 1930s and who had written a competent Austrian work entitled *Capital and Its Structure* in the 1950s, was suddenly

converted by the methodology of the English economist George Shackle during the 1960s.²⁰ Since the mid-1970s, Lachmann, teaching part of every year at New York University, has engaged in a crusade to bring the blessings of randomness and abandonment of theory to Austrian economics. When Lavoie and his colleagues discovered Heidegger and Gadamer, Lachmann embraced the new creed at the 1986 first annual (and, if luck is with us, the last annual) conference of the Society of Interpretive Economics at George Mason University. The genuine Misesian creed, however, still flourishes at the Ludwig von Mises Institute at Auburn University and Washington, D.C., and in its publications: *Free Market*, the *Austrian Economics Newsletter*, and the *Review of Austrian Economics*, which in its first issue included a critique of a quasi-hermeneutical book by two ex-Misesians who claim to have discovered the key to economics in the works of Henri Bergson.²¹

One of the main motivations of the ex-Misesian hermeneuticians is that their horror of mathematics, to which they react as to the head of Medusa, leads them to embrace virtually any ally in their struggle against positivism and neo-classical formalism. And so they find that, lo and behold, institutionalists, Marxists, and hermeneuticians have very little use for mathematics either. But before they totally embrace the desperate creed that the enemy of my enemy is necessarily my friend, our Market Process hermeneuticians should be warned that there may be worse things in this world than mathematics or even positivism. And second, that in addition to Nazism or Marxism, one of these things may be hermeneutics.

And just as Professor McCloskey's history may serve as a partial mitigation of his embrace of hermeneutics, we may go further back and mitigate the sins of the logical positivists. For, after all, the positivists, much as they may be reluctant to admit it, also did not descend upon us from Mount Olympus. They grew up in old Vienna, and they found themselves in a Germanic world dominated by protohermeneutical creeds such as Hegelianism as well as by the young Heidegger, who was even then making his mark. After reading and listening to dialectics and protohermeneutics day in and day out, after being immersed for years in the gibberish that they were told constituted philosophy, is it any wonder that they—including for our purposes Popper as well as Carnap, Reichenbach, Schlick, et al.—should finally lash out and exclaim that the whole thing was meaningless or that they should cry out for precision and clarity in language? Is it also any wonder that the nascent positivists, like McCloskey a half-century later, should go too far and throw out the philosophic baby with the neo-Hegelian bathwater?

In the peroration to his paean to hermeneutical economics, ex-Misesian Richard Ebeling proclaims: "Man loves to talk about himself."²² But in rebuttal I point to the sage words of the American cultural and political satirist Tom Lehrer. In the 1960s, Lehrer noted that "a lot of people are whining about their 'inability to communicate.'" "It seems to me," Lehrer added, "that if you

are unable to communicate, the *least* you can do is to shut up.” That, alas, is something that Ebeling and his hermeneutical colleagues have not yet learned to do.

Notes

1. Jonathan Barnes, “A Kind of Integrity: Review of Hans-Georg Gadamer, *Philosophical Apprenticeships* (Cambridge, Mass.: MIT Press, 1985), and Gadamer, *The Idea of the Good in Platonic-Aristotelian Philosophy* (New Haven, Conn.: Yale University Press, 1986),” *London Review of Books* (November 6, 1986), pp. 12–13.
2. Barnes, “A Kind of Integrity”; and David Gordon, “Hermeneutics versus Austrian Economics” (Auburn, Ala.: The Ludwig von Mises Institute, 1986).
3. Eric Voegelin, “The German University and the Order of German Society: A Reconsideration of the Nazi Era,” *Intercollegiate Review*, 20 (spring/summer 1985), p. 11.
4. Barnes, “A Kind of Integrity,” p. 13.
5. Karl R. Popper, *The Open Society and its Enemies*, 4th ed. (New York: Harper & Row, 1962), vol. 2, p. 33.
6. Popper, *Open Society*, vol. 2, p. 30.
7. H.L. Mencken, “Professor Veblen,” *A Mencken Chrestomathy* (New York: Alfred A. Knopf, 1949), p. 270.
8. Barnes, “A Kind of Integrity,” p. 12.
9. Don Lavoie and Jack High, “Interpretation and the Costs of Formalism” (unpublished manuscript), p. 14.
10. Barnes, “A Kind of Integrity,” p. 13. For a critique of the triumph of the ideal of “openness,” see Allan Bloom, *The Closing of the American Mind* (New York: Simon and Schuster, 1987).
11. Henry Veatch, “Deconstruction in Philosophy: Has Rorty Made It the Denouement of Contemporary Analytical Philosophy?” *Review of Metaphysics*, 39 (December 1985), pp. 313–314, 316.
12. Arthur C. Danto, *Nietzsche as Philosopher* (New York: Columbia University Press, 1980), p. 12; cited in Veatch, “Deconstruction,” p. 312.
13. I am indebted for this point to Sheldon Richman of the Institute of Humane Studies at George Mason University.
14. In a witty and perceptive article, the distinguished Yale philosopher Harry Frankfurt calls this phenomenon “bullshit,” which he asserts to be a greater enemy to the truth than an outright lie, since a liar recognizes that he is violating the truth, whereas the bullshitter does not. Frankfurt writes:

The contemporary proliferation of bullshit also has deeper sources, in various forms of skepticism which deny that we can have any reliable access to an objective reality and which therefore reject the possibility of knowing how things truly are. These “antirealist” doctrines undermine confidence in the value of disinterested efforts to determine what is true and what is false, and even in the intelligibility of the notion of objective inquiry.”

See Harry Frankfurt, “On Bullshit,” *Raritan*, 6 (fall 1986), pp. 99–100.
15. Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* [1932] (London: Macmillan, 1935).

16. Milton Friedman, "The Methodology of Positive Economics," in Friedman, *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953).

17. Donald N. McCloskey, *The Rhetoric of Economics* (Madison, Wisc.: University of Wisconsin Press, 1985).

For a comprehensive Misesian critique of McCloskey's work, see the book review essay by Hans-Hermann Hoppe in this volume.

18. Cf. Richard M. Weaver, *The Ethics of Rhetoric* (Chicago: University of Chicago Press) and Larry Arnhart, *Aristotle on Political Reasoning: A Commentary on "The Rhetoric"* (Dekalb, Ill.: Northern Illinois University Press, 1981).

19. *Market Process*, 4 (fall 1986), p. 16.

20. Ludwig M. Lachmann, *Capital and Its Structure* (London: London School of Economics, 1956). The later, post-Shackelian or nihilist Lachmann may be found in his "From Mises to Shackle: An Essay on Austrian Economics and the Kaleidic Society," *Journal of Economic Literature*, 54 (1976).

21. Thus, see Charles W. Baird, "The Economics of Time and Ignorance: A Review," *The Review of Austrian Economics*, I (1987), pp. 189–223.

22. Richard M. Ebeling, "Hermeneutics and the Interpretive Element in the Analysis of the Market Process." Center for Market Processes Working Paper. (Fairfax, Va.: Department of Economics, George Mason University, 1985), p. 45. Cf. Frankfurt, "On Bullshit," p. 100.