

Similarities and differences between Ludwig von Mises and Ayn Rand's ideas

by Warren Orbaugh

Director of the Henry Hazlitt Center

Universidad Francisco Marroquín

Filosofía

In my opinion there have been many misunderstandings concerning Mises' ideas by the Objectivists, and concerning Rand's ideas by the Austrians. Considering that *Atlas Shrugged* is *Human Action* in fiction, there should be no much difference between their ideas. Both, although using the same words, are using different terms, and, I hope to prove, that while seemingly saying different things, are in fact, saying the same thing.

So, in this paper I will consider their views on: existence, human action, values, rights, government, self-interest, ethics, and altruism. I will show how similar their ideas are, and let you draw your own conclusions.

1. On Existence.

Let me begin with the easy part. Both are realists. They agree that the existence of matter, of physical objects and the world is a fact, perceivable by man but independent of someone's consciousness. I will quote Mises:

“From the praxeological point of view it is not possible to question the real existence of matter, of physical objects and of the external world. Their reality is revealed by the fact that man is not omnipotent. There is in the world something that offers resistance to the realization of his wishes and desires. Any attempt to remove by a mere fiat what annoys him and to substitute a state of affairs that suits him better for a state of affairs that suits him less is vain. If he wants to succeed, he must proceed according to methods that are adjusted to the structure of something about which perception provides him with some information. We may define the external world as the totality of all those things and events that determine the feasibility or unfeasibility, the success or failure, of human action.”¹

¹ Mises, Ludwig von. The Ultimate Foundation of Economic Science, 5. *The Reality of the External World*

And Rand states that reality is that which exists, that the unreal does not exist, that existence is a self-sufficient primary, and that consciousness, the faculty of perceiving that which exists, depends on the existence of an external world and not the other way around:

“Existence exists –and the act of grasping that statement implies two corollary axioms: that something exists, which one perceives and that one exists possessing consciousness, consciousness being the faculty of perceiving that which exists.

If nothing exists, there can be no consciousness: a consciousness with nothing to be conscious of is a contradiction in terms.”²

2. On Action.

Now, let us consider the concept of action. Action, for Mises, is purposive conduct aimed at changing some conditions of his environment that man considers less satisfying for other that he considers more satisfying. Action does not exist without thinking:

“Action and reason are congeneric and homogeneous; they may even be called two different aspects of the same thing.”³

And for Rand is basically the same:

“Thought –he told himself quietly –is a weapon one uses in order to act. ... Thought is the only tool by which one makes a choice.... Thought sets one’s purpose and the way to reach it.”⁴

3. On Values.

Let us consider their respective views on ‘values’. Mises says that values are subjective, that is, that the subject or person, as acting man in face of alternatives, attaches importance to means and ultimate ends. The value manifests itself only in action, that is, when acting man employs the means to attain his ends. The value of ultimate ends are purely subjective, they are what the person wants to have as his

² Rand, Ayn. Atlas Shrugged, Part Tree A IS A, VII “This is John Galt Speaking”

³ Mises, Ludwig von. Human Action. II The Epistemological Problems of Human Action. 3. The A Priori and Reality

⁴ Rand, Ayn. Atlas Shrugged. Part One Non Contradiction. VII The Exploiters and the Exploited

ultimate goal. The value of the means is derivative according to the utility in attaining the ultimate ends:

“A thing becomes a means when human reason plans to employ it for the attainment of some end and human action really employs it for this purpose. Thinking man sees the serviceableness of things, i.e., their ability to minister to his ends, and acting man makes them means.⁵ ... Acting man has a scale of wants or values in his mind when he arranges his actions. ... However one must not forget that the scale of values or wants manifests itself only in the reality of action.... Ultimate ends are ultimately given, they are purely subjective, they differ with various people and with the same people at various moments in their lives.... Value is the importance that acting man attaches to ultimate ends. ... Means are valued derivatively according to their serviceableness in contributing to the attainment of ultimate ends.... Value is not intrinsic, it is not in things. It is within us; it is the way in which man reacts to the conditions of his environment.”⁶

Rand says pretty much the same thing when she defines value as that which a person acts to gain and keep in relation to an end, and emphasizing that things as such have no value, but that they acquire value-significance only in regard to an acting man’s goals:

““Value” is that which one acts to gain and keep... “Value” presupposes an answer to the question: of value to whom and for what?⁷ ... Material objects as such have neither value nor disvalue; they acquire value-significance only in regard to a living being – particularly, in regard to serving or hindering man’s goals.⁸ ... An *ultimate* value is that final goal or end to which all lesser goals are the means –and it sets the standard by which all lesser goals are evaluated.... Without an ultimate goal or end, there can be no lesser goals or means... It is only an ultimate goal, and *end in itself*, that makes the existence of values possible. Metaphysically, life is the only phenomenon that is an end in itself: a value gained and kept by a constant process of action.”⁹

⁵ Mises, Ludwig von. Human Action, IV. A FIRST ANALYSIS OF THE CATEGORY OF ACTION, 1. Ends and Means

⁶ Mises, Ludwig von. Human Action, IV. A FIRST ANALYSIS OF THE CATEGORY OF ACTION, 2. The Scale of Value

⁷ Rand, Ayn. Atlas Shrugged, Part Tree A IS A, VII “This is John Galt Speaking”

⁸ Rand, Ayn. Philosophy: Who Needs It?, From the Horse’s Mouth

⁹ Rand, Ayn. The Virtue of Selfishness. 1. The Objectivist Ethics

Now, for praxeology, it is of no importance whether the ultimate end of the subject is life enhancing or life destroying, or whether the means chosen are in fact suited to attaining his chosen ends. What is important is how man acts, not how man should act:

“From his point of view the physiologist is right in distinguishing between sensible action and action contrary to purpose. He is right in contrasting judicious methods of nourishment from unwise methods.... However, such judgments are beside the point for a science dealing with the reality of human action. Not what a man should do, but what he does, counts for praxeology and economics.”¹⁰

What is important is to understand that economics is a science, like logic and mathematics, that describes causal relationships, that is, it describes that if certain action is taken, certain consequences will follow. For example, if you eliminate economic calculation, you have no means of making a rational choice between the various alternatives:

“Economics, like logic and mathematics, is a display of abstract reasoning....The economist does not need an expensive apparatus for the conduct of his studies. What he needs is the power to think clearly and to discern in the wildness of events what is essential from what is merely accidental.”¹¹

But, on the other hand, if one wants to make a rational choice of the means for the best possible attainment of the ultimate ends sought, one has to identify correctly the capacity they have to bring about the desired effect, that is, their *objective use value*:

“ Use-value in the objective sense is the relation between a thing and the effect it has the capacity to bring about....Subjective use-value is not always based on true objective use-value. There are things to which subjective use-value is attached because people erroneously believe that they have the power to bring about a desired effect. On the other hand there are things able to produce a desired effect to which no use-value is attached because people are ignorant of this fact.”¹²

¹⁰ Mises, Ludwig von, Human Action, IV. A FIRST ANALYSIS OF THE CATEGORY OF ACTION, 3 The Scale of Needs

¹¹ Mises, Ludwig von, Human Action, XXXVIII. THE PLACE OF ECONOMICS IN LEARNING, 1 The Study of Economics

¹² Mises, Ludwig von, Human Action, VII. ACTION WITHIN THE WORLD, 1 The Law of Marginal Utility

So, while economics describe causal relations, politics, because of being a species of prudence, is about practical application of the knowledge provided by economics in choosing means based on true objective use-value. That is why, in his book *Liberalism*, Mises offers advice on how men should act. He tells us to value reason, because it is the means for intelligent action:

“Liberalism does not say that men always act intelligently, but rather that they ought, in their own rightly understood interest, always to act intelligently. And the essence of liberalism is just this, that it wants to have conceded reason in the sphere of social policy the acceptance that is conceded to it without dispute in all other spheres of human action.

If, having been recommended a reasonable –hygienic- mode of life by his doctor, someone were to reply: “I know that your advice is reasonable; my feelings, however, forbid me to follow it. I want to do what is harmful for my health even though it may be unreasonable,” hardly anybody would regard his conduct as commendable. No matter what we undertake to do in life, in order to reach the goal that we have set for ourselves we endeavor to do it reasonably.”¹³

And to value freedom, because it is a means more efficient to the creation of wealth than slavery:

... “This is the fruit of free labor. It is able to create more wealth for everyone than slave labor once provided for the masters.”¹⁴

And to value peace, because it is a means for the flowering of man:

“The liberal critique of the argument in favor of war is fundamentally different from that of the humanitarians. It starts from the premise that not war, but peace, is the father of all things. What alone enables mankind to advance and distinguishes man from the animals is social cooperation. It is labor alone that is productive: it creates wealth and therewith lays the outward foundations for the inward flowering of man. War only destroys; it cannot create.”¹⁵

¹³ Mises, Ludwig von. *Liberalism*. Introduction, 3. *Rationalism*

¹⁴ Mises, Ludwig von. *Liberalism*. 1. The Foundations of Liberal Policy, 2. *Freedom*

¹⁵ Mises, Ludwig von. *Liberalism*. 1. The Foundations of Liberal Policy, 3. *Peace*

Now let's consider the question of ethics, which is in what Rand was interested. Ethics is a code of values for the guidance of man's choices and actions. Her intention was to devise a rational, objectively demonstrable, answer to the question of why man needs certain code of values. Her answer can easily be described in Mises' terminology.

First one has to establish the ultimate end, whose value is purely subjective: man's life *qua* man. This means a quality of life in which man flourishes product of the wealth produced by social cooperation.

Next, one has to discover the means that have the power to bring about this quality of life, that is, means which have objective use-value. These means are: *reason*, which is the means by which one identifies reality, by which one identifies what will enhance or destroy one's life; *purposeful productive work*, which is the means for creating wealth, for sustaining the proper life of a man, setting one free from the necessity of having to adjust oneself to one's background, as animals do, enabling one to adjust one's background to oneself; and finally, *one's own dignity*, which is the means for recognizing one's right to respect, that one is an end in oneself and not the means for someone else's ends, that one must live for one's own sake respecting the dignity of others, that achieving one's own happiness is one's goal.

So, her answer would be: if you value your life as man *qua* man, the means that have objective use- value, that is, the means that in fact have the power to bring about this quality of life, the means you should value are: reason, purposeful productive work, and one's own dignity. This is so because life to exist needs self-sustaining actions, and there is a causal relationship between these means and your ultimate end. But, if you do not value your life as man *qua* man, then you need no life enhancing values.

In Rand's own terms it is:

“Man has to be man by choice –and it is the task of ethics to teach him how to live like a man...Man must choose his actions, values and goals by the standard of that which is proper to man –in order to achieve, maintain, fulfill and enjoy that ultimate value, that end in itself, which is his own life....The three cardinal values of the Objectivist ethics –

the three values which, together, are the means to and the realization of one's ultimate value, one's own life –are : Reason, Purpose, Self-Esteem...”¹⁶

Now, Rand interest in values is in ethical values, and names as *Objective Theory of Values* what Mises identifies as the case in which subjective-use values are based on true objective-use values for attaining what she identifies as the good. The good, she says, is all that which is proper to the life of a rational being; the bad is all that which destroy it. This definition is based on Aristotle's: “the good of each thing is surely what preserves it.”¹⁷ Now, the question is: why if it seems that her theory of value is so much alike to that of Mises, it arouses so much controversy? Well, there is a good reason, because both employ a term that is equivocal if one does not distinguish what each means by the same word. That word is: *subjective*. For Mises *subjective* means, in this case, that the value exists in the mind, that it belongs to the thinking subject, to the person. For Rand, *subjective* means “the arbitrary, the irrational, the blindly emotional.”¹⁸ So having in mind these different terms, let's examine what Rand says about her *Objective Theory of Values*:

“The intrinsic theory holds that the good resides in some sort of reality, independent of man's consciousness; the subjectivist theory holds that the good resides in man's consciousness, independent of reality.

The objective theory holds that the good is neither an attribute of “things in themselves” nor of man's emotional states, but an evaluation of the facts of reality by man's consciousness according to a rational standard of value. (Rational in this context, means: derived from the facts of reality and validated by a process of reason.)The objective theory holds that the good is an aspect of reality in relation to man –and that it must be discovered, not invented, by man.”¹⁹

It seems to me that this theory does not contradict what Mises says. He agrees that value is not intrinsic, it is not in things. He also agrees that the good or utility is determined by an evaluation of the facts of reality by man's consciousness according to a rational standard of value, that means are valued derivatively according to their true serviceableness in contributing to the attainment of ultimate ends. That the objective

¹⁶ Rand, Ayn. *The Virtue of Selfishness*. 1. The Objectivist Ethics

¹⁷ Aristotle. *Politics*. Book 2, Chapter 2

¹⁸ Rand, Ayn. *The Romantic Manifesto*. Art and Moral Treason.

¹⁹ Rand, Ayn. *Capitalism: The Unknown ideal*. Theory and History, 1. What is Capitalism

use-value of something must be discovered before this something is valued. And finally, that arbitrary or irrational valuation will not contribute to the well being of man.

4. On Rights, Ethics, Egoism and Altruism.

Now, both thinkers consider that ‘rights’ are not natural, nor God or society given, but a moral principle for the function of society. And society, Mises tells us, is joint action and cooperation of individuals, in which each participant sees the other partner’s success as a means for the attainment of his own. Mises as well as Rand considers that a correct system of ethics is to be based on the nature of man and his life. And this ethics is a metaphysical necessity of man’s survival, an egoistic, in the right sense, prudential ethics, that guides man’s actions to live a pleasant life. I quote Mises:

“Nothing is gained when the teacher of morals constructs an absolute ethic without reference to the nature of man and his life. The declamation of philosophers cannot alter the fact that life strives to live itself out, that the living being seeks pleasure and avoids pain. All one’s scruples against acknowledging this as the basic law of human action fall away as soon as the fundamental principle of social co-operation is recognized. That everyone lives and wishes to live primarily for himself does not disturb social life but promotes it, for the higher fulfillment of the individual’s life is possible only in and through society. This is the true meaning of the doctrine that egoism is the basic law of society.”²⁰

And Rand stresses this character of morality when she said: “The purpose of morality is to teach you, not to suffer and die, but to enjoy yourself and live.”²¹

An important point that Mises said in the above quotation, and that one must not oversee, is the fact that ‘egoism is the basic law of society’. Egoism in this context is to act for one’s own rightly understood interest, always to act intelligently, to act in order to achieve one’s happiness along one’s life span. In one’s relation with others, this means, acting benevolently, so that one builds a relationship based on good will, because it is in one’s self interest not to initiate force to others –they will retaliate; because it is in one’s self interest to co-operate –one’s life will be enhanced by the creation of wealth; because it is in one’s self interest to cultivate friendships –it makes

²⁰ Mises, Ludwig von. Socialism. Part IV. Socialism as Moral Imperative. Ch. 27, Socialism and Ethics. *A Contribution to the Understanding of Eudamionism*.

²¹ Rand, Ayn. Atlas Shrugged, Part Tree A IS A, VII “This is John Galt Speaking”

life more enjoyable. It is the application to ethics of the trader's principles of a win-win situation, exchanging value for value. That is why the market promotes good will, peace and cooperation. And this is the reason why Rand denounces altruism as an evil moral code. For most people this sounds, at best, strange, because one has been taught that Altruism is 'unselfish devotion for the welfare of others'. But let's stop to analyze this theory for a moment. Altruism is the name August Comte gave to his moral system, which he presented in his "The Catechism of Positive Religion", and basically consists on the principle of *living for others*. Here he explicitly states that the individual has no right to his life, to his property, nor to his liberty. His system is opposed to individualism, and affirms that man has only duties to others, those that lived, live, and will live:

"Positivism never admits anything but duties, of all to all. For its persistently social point of view cannot tolerate the notion of *right*, constantly based on individualism. We are born loaded with obligations of every kind, to our predecessors, to our successors, and to our contemporaries. Later they only grow or accumulate before we can return any service. On what human foundation then could rest the idea of *right*, which in reason should imply some previous efficiency? Whatever may be our efforts, the longest life well employed will never enable us to pay back but an imperceptible part of what we have received. ... All human rights then are as absurd as they are immoral. As divine right no longer exists, the notion must pass completely away, as relating solely to the preliminary state, and directly incompatible with the final state, which admits only duties, as a consequence of functions."²²

Now, how can such a system be benevolent? How can the idea that one is practically a slave of others be good? How can the idea that in order for someone to flourish other must suffer, be the epitome of goodness? This is the concept of a win-lose situation applied to ethics. It presupposes that the good consists in hurting yourself to benefit other. It's a zero sum game. This is the mentality that can only conceive egoism as hurting others in order to benefit oneself. They cannot conceive of third alternative, nor in ethics or in economics. This attitude will not lead to social co-operation, but quite the contrary, to social cannibalism, as we have witnessed in the socialist regimes. Individuals are sacrificed for the state, for the common good, for whatever excuse those

²² Comte, Auguste. The Catechism of Positive Religion. Third Part: Explanation of the Regime, or System of Life. XI. *Public Life*

in power can figure out. It certainly will not promote love for others if one sees the other as having a claim on one's life. Let's see what Mises thought about Comte:

“There was Auguste Comte. He knew precisely what the future had in store for mankind. And of course, he considered himself as the supreme legislator. ...He planned to substitute a new religion for Christianity, and selected a lady who in this new church was destined to replace the Virgin. Comte can be exculpated, as he was insane in the full sense which pathology attaches to this term. But what about his followers?”²³

Yes, and what about his followers? Can they be exculpated? And what did Rand say about altruism:

“Do not confuse altruism with kindness, good will or respect for the rights of others. These are not primaries, but consequences, which, in fact, altruism makes impossible.²⁴ ... Capitalism and altruism are incompatible; they are philosophical opposites; they cannot co-exist in the same man or in the same society.”²⁵

So, if the basis of society is the ‘law of egoism’ as Mises said, that means that society must be organized upon an egoistic moral principle, a principle that invites everyone to associate because it will promote his well being. This moral principle is the concept of *right*. Mises also tells us in *Human Action* that Liberalism as a political doctrine is not neutral with regard to values and ultimate ends sought by action. Presupposing that individuals prefer life to death, health to sickness, nourishment to starvation, abundance to poverty, happiness to suffering, Liberalism indicates man how to act in accordance to these valuations.

“...the teachings of utilitarian philosophy and classical economics have nothing at all to do with the doctrine of natural right. With them the only point that matters is social utility. They recommend popular government, private property, tolerance, and freedom not because they are natural and just, but because they are beneficial.”²⁶

And Rand has a similar position:

²³ Mises, Ludwig von. Human Action. III. Economics and the Revolt Against Reason. 1. The Revolt Against Reason

²⁴ Rand, Ayn. Philosophy: Who Needs It. “Faith and Force: The Destroyers of the Modern World.”

²⁵ Rand, Ayn. For the New Intellectual. For the New Intellectual.

²⁶ Mises, Ludwig von. Human Action. VIII Human Society, 8. The Instinct of Aggression and Destruction

“ “Rights” are a moral concept –the concept that provides a logical transition from the principles guiding an individual’s actions to the principle guiding his relationships with others –the concept that preserves and protects individual morality in a social context – the link between the moral code of a man and the legal code of a society, between ethics and politics. Individual rights are the means of subordinating society to moral law.”²⁷

5. On Government.

To finish let’s examine what they thought about the role of government. Mises said that the only task of the state is to protect the life, health, liberty and private property of its citizens:

“As the liberal sees it, the task of the state consists solely and exclusively in guaranteeing the protection of life, health, liberty and private property against violent attacks. Everything that goes beyond this is an evil. A government that, instead of fulfilling its task, sought to go so far as actually to infringe on personal security of life and health, freedom, and property would, of course, be altogether bad.”²⁸

And Rand said pretty much the same thing:

“The only proper purpose of a government is to protect man’s rights, which means: to protect him from physical violence. A proper government is only a policeman, acting as an agent of man’s self-defense, and as such, may resort to force only against those who start the use of force.”²⁹

So at the end, it seems to me that what both authors say about existence, human action, values, rights, self-interest, ethics, altruism and government is the same, although they say it differently. What do you think?

²⁷ Rand, Ayn. The Virtue of Selfishness. Ch. 12. “Man’s Rights”

²⁸ Mises, Ludwig von Mises. Liberalism. 1. The Foundation fo Liberal Policy. 11. *The Limits of Governmental Activity*

²⁹ Rand, Ayn. Atlas Shrugged, Part Tree A IS A, VII “This is John Galt Speaking”