



The Question of “Equilibrium” in Human Action and the Everyday Paradox of Rationality

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Abstract. This paper first specifies how Schütz’s analysis of deliberation determines the limits of rationality where individual human action is concerned. This analysis establishes that there is no equilibrium of alternative possibilities before or after deliberation. Next the paper specifies how Schütz’s analysis of the typification that makes successful intersubjective action possible leads to the “paradox of rationality on the common sense level.” Finally, the paper explains how Schütz’s analysis of “relevance” can provide an account for this paradox, and thereby point to an order of human interaction in the absence of equilibrium, all without violating the postulate of subjective interpretation.

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The pertinence of Alfred Schütz’s work on the theory and philosophy of social science to Austrian Economics can be established in short order simply by quoting the following passage at length from Schütz’s essay “Common-Sense and Scientific Interpretation of Human Action”:

Is it not the “behavior of prices” rather than the behavior of men in the market situation which is studied by the economist, the “shape of demand curves” rather than the anticipations of economic subjects symbolized by such curves? Does not the economist investigate successfully subject matters such as “savings,” “capital,” “business cycle,” “wages” and “unemployment,” “multipliers” and “monopoly” as if these phenomena were entirely detached from any activity of the economic subjects, even less without entering into the subjective meaning structure such activities may have for them? The achievements of modern economic theories would make it preposterous to deny that an abstract conceptual scheme can be used very successfully for the solution of many problems. And similar examples could be given from the field of almost all other social sciences. Closer investigation, however, reveals that this abstract conceptual scheme is nothing else than a kind of intellectual shorthand and that the underlying subjective elements of human actions involved are either taken for granted or deemed to be irrelevant with respect to the scientific purpose at hand—the problem under scrutiny—and are, therefore, disregarded. Correctly understood, the postulate of subjective interpretation as applied to economics as well as to all the other social sciences means merely that we always *can*—and for certain purposes *must*—refer to the activities of the subjects within the social world and their interpretation by the actors in terms of systems of projects, available means, motives, relevances, and so on. (Schütz 1973a:34–35).

In a footnote to this passage, Schütz observes that “Ludwig Von Mises rightly calls his ‘Treatise on Economics’ *Human Action*” and refers his readers as well to F.A. Hayek’s *The Counter-Revolution of Science*.

In this paper, I will first identify what the result is of Schütz’s consistent use of the postulate of subjective interpretation, also found within Austrian economics in variant forms and in variant degrees, where the specific question concerning the status of an “equilibrium” in regard to possible human actions is concerned. I will then discuss the implications with regard to an order governing human interactions. Finally, I will specify a philosophical problem entailed by these analyses, a problem that defines a direction in Schütz’s work.

Equilibrium

In the essay “Choosing Among Projects of Action,” Schütz specifies two ingredients in the “practicability” of a projected course of action. One is “the world as taken for granted.” The world as taken for granted consists of “the actor’s experiences and his opinions, beliefs, assumptions, referring to the world, the physical and the social one, which he takes for granted beyond question at the moment of his projecting. This set of experiences has stood the test so far and is, therefore, without question, accepted as given, although as given merely ‘until further notice.’” These experiences are always experienced as “typical ones, that is, as carrying forward along open horizons of anticipated similar experiences.” What is more, what is taken for granted in this manner is “assumed to be taken for granted not only by *me* but by *us*, by ‘everyone’ (meaning ‘everyone who belongs to us’).”

The second ingredient of the “practicability” of a projected course of action is “the biographically determined situation.” The biographically determined situation includes “my position in space, time, and society” as well as “my experience that some of the elements of the world taken for granted are imposed upon me, while others are either within my control or capable of being brought within my control and thus principally modifiable.” What is more, at any given moment of the biographically determined situation, only some elements are relevant by virtue of my system of interests, while the others are of no concern or are simply out of view.

The selection of the relevant element is dependent upon the history of my biographically determined situation. In contrast to the world as taken for granted, this history and the subjective selection of relevant elements of the world that it entails, is not experienced by the actor as belonging to everyone, that is, as “anonymous,” but rather as “unique and subjectively given to him and to him alone.”

Now, it is the biographically determined situation that precipitates deliberation by the subject. A simple example serves Schütz’s purpose here of describing how this happens. In “the world as taken for granted,” I assume that the back side of an object that I do not now see has a color. Whether the color is the same color as the side that I do see or is a different color is not in question as far as the “taken-for-grantedness” of the world is concerned. If by virtue of the system of interests of my “biographically determined situation,” the color of the side not seen becomes relevant, this element of the world becomes “questionable,” the “taken-for-granted” quality of this element of the world is replaced by doubt, and a process

of deliberation begins regarding alternative possibilities regarding the color of the side of the object not now seen.

Schütz's essay is aimed at clarifying the dynamics of deliberation. In order to do this, he adopts an analysis from Edmund Husserl, founder of twentieth century phenomenology, the philosopher with whom Schütz most closely (although not exclusively) associated his own work. The analysis from Husserl that Schütz adopts here is the analysis of the difference between "open possibilities" and "problematic possibilities." An "open possibility" is on the order of the color of the side of an object not now seen, where the assumption is that the side will have a color, but the specific color is not in question. For Schütz, as for Husserl, the "world-as-taken-for-granted," the world of "typical experiences," with open horizons of anticipated similar expectations, consists entirely in "open possibilities." A possibility becomes "problematic" with the introduction of specific, conflicting alternatives. This is what happens when by virtue of the system of interests within "the biographically determined situation," the specific color becomes relevant.

Husserl's analysis makes it possible to understand a crucial distinction concerning deliberation that Schütz finds for the most part overlooked by theoreticians. The distinction pertains to the difference between a situation where one chooses between objects in the world that are within one's reach, and a situation where one chooses between projects of action. In the former instance, the actor is faced with alternatives in the world from which the actor chooses. But in the latter instance, the alternatives from which the actor chooses are projected by the actor, or in other words, the alternatives are of the actor's own making. In this latter instance, what the actor does is to project actions as, in effect, already completed. These completed actions are what the actor chooses between, even in those cases where the choice actually comes down to a choice between acting and not acting. A choice not to act is an action. Furthermore, while in choosing between objects in the world within one's reach, the objects exist in the world simultaneously, when choosing between projects of action, the actor in fact creates the projects as well as the completed actions from which he or she chooses, successively in time. These differences add up to the following crucial distinction: in contrast to choosing between objects within my reach, where choosing between projects of action is concerned, strictly speaking, alternatives do not pre-exist the process of deliberation. In Husserl's terminology, this means that before the process of deliberation, there are, for the actor, only "open possibilities," whereas "problematic possibilities" are brought about, for the actor, only by the process of deliberation among projects of action. Schütz draws from analyses by the philosophers Bergson and Leibniz for the purposes of describing how a deliberation works. The crucial factor here is the element of the "weight" that accrues to alternatives in the process of deliberation. This "weight" derives from the interrelation of projects and of purposes within the actor's plan. "Any end is merely a means for another end; any project is projected within a system of higher order." Ultimately, the "system of higher order" refers to the actor's "life-plan." As "weight" accrues to successively considered alternative projects of action in terms of the actor's "life-plan," one project with its projected completed action will outweigh the others and the actor will decide for it by fiat. The result, again in Husserl's terminology, is that the "problematic possibility," the element of the world that had been rendered questionable, or doubtful, is now returned to the order of "the world as taken for granted" that consists of the typified possibilities, along

with their open horizons of anticipated further experiences. In other words, “the problematic possibility” will be returned to the order of “open possibilities,” where, Schütz observes, it now gets taken for granted “until further notice.”

An important feature of this process of deliberation is that the system of plans, ultimately, the actor’s “life-plan,” is a “pre-experienced” element that is hidden in favor of the immediate purposes of acting while deliberation proceeds to action. Only *retrospectively* can the system of plans can be displayed and observed by the actor, after the respective weights that accrue to the different alternatives have already reached the point where a decision was taken. What is more, the actor’s “biographically determined situation,” by virtue of which elements of “the world as taken for granted” get selected as relevant to the actor’s purpose, changes in the course of the actor’s “oscillating” between alternatives, “if for no other reason than because of the experience of this oscillating itself.” This pertains to the “time structure” of projecting action, which was noted above in identifying the distinction between choosing between objects in the world, where the objects exist in the world simultaneously, and choosing between projects of action, where the alternatives are not only created by the actor, but are created *successively* by the actor in time. Together, the “pre-experienced” character of the actor’s life-plan and the change that takes place in the actor’s “biographically determined situation” from the point of projection to the point where the decision is made and action taken by fiat, mean that for the actor in everyday life, *no action can be a perfectly rational action*.

A major consequence of Schütz’s use here of the postulate of subjective interpretation of action, whereby Schütz examines what goes on “in the midst of the ongoing flux of the consciousness of the actor about to make his choice,” instead of “retrospectively reconstruct[ing] what has happened if once a decision has been reached,” is that it is necessary to conclude that no sense of “equilibrium” in regard to projects of action can in fact be ascribed to an actor before the process of deliberation. This is so because prior to the process of deliberation, there are, strictly speaking, no alternatives. Rather, in Husserl’s terms, there are only “open possibilities.” In fact, no sense of “equilibrium” can be ascribed once deliberation has led to action, precisely because the “problematic possibility” to which alternatives pertain, has been restored to the world as taken for granted, until further notice. This means that it has been restored to the status of “open possibility,” without alternatives, and thus without “equilibrium.” It is worthwhile to cite here Schütz’s discussions of the analyses of the three philosophers from whom he draws in this essay, Husserl, Bergson, and Leibniz, in order to emphasize how all three, with certain variations, converge on this point, namely, that it is incorrect to ascribe an “equilibrium” outside the process of deliberation. On Husserl:

The difference between problematic and open possibilities is first one of their origin. The problematic possibilities presuppose tendencies of belief which are motivated by the situation and in contest with one another; for each of them speaks something, each has a certain weight. None of the open possibilities has any weight whatsoever, they are all equally possible. There is no alternative preconstituted, but within a frame of generality all possible specifications are open. Nothing speaks for one which would speak against the other. (Schütz 1973b:82–83).

On Bergson:

Thus far we have considered Bergson. Translated into the terminology of the present discussion, his criticism is directed against the assumption that problematic possibilities existed with respect to projects at a time when all possibilities were still open ones. The ego living in its acts knows merely open possibilities; genuine alternatives become visible only in interpretive retrospection, that is, when the acts have been already accomplished, and thus the becoming has been translated into existence. (Schütz 1973b:87)

And on Leibniz:

. . . Leibniz's analysis of volition originates in a polemic with Bayle. Bayle compared the soul to a balance where the reasons and inclinations of action take the place of weights. According to him, we may explain what happens in acts of decision by the hypothesis that the balance is in equilibrium as long as the weights in both scales are equal but inclines to one or the other side if the content of one of the two scales is heavier than the other. . . . One has the greater difficulty in arriving at a decision the more the opposite arguments approach an equal weight. This simile seems to Leibniz inadequate for several reasons. First, not only two but mostly more eventualities stand to choice; secondly, volitive intentions are present in every phase of deliberation and decision; thirdly, there is no such thing as an equilibrium from which to start. (Schütz 1973b:88–89)

Order of Human Interaction

Given the limitation of the rationality of action for the actor in everyday life, and moreover, given that the ascription of "equilibrium" with regard to projects of action either before deliberation or after action is inappropriate, it would certainly seem that any determination of order in human interaction is out of the question. This seems especially so when one considers that where *interaction* is concerned, the difficulties are compounded by the limitations of an actor's knowledge in regard to the "ongoing flux of consciousness" of other individuals, in contrast to a retrospective reconstruction of decisions that one knows other individuals to have already taken. But, in the essay "Common-Sense and Scientific Interpretation of Human Action," Schütz, when discussing the limitations concerning "*ideally* rational interaction, writes:

And yet we receive reasonable answers to reasonable questions, our commands are carried out, we perform in factories and laboratories and offices highly "rationalized" activities, we play chess together, briefly, we come conveniently to terms with our fellow-men. (Schütz 1973a:32)

And then Schütz asks: "How is this possible?"

Schütz's answer to this question is that in everyday life, in contexts such as those named above, actors orient their actions on socially accepted standard "typicalities" regarding "the setting, the motives, the means and ends, the courses of action and personalities involved," all of which is not just taken for granted but is also supposed by the actor to be taken for granted by the others in the particular context as well. In fact, for Schütz, within the limits of the standardized "typicalities," prediction becomes possible. But in acting in this manner, "neither the origin nor the import of the socially approved standard is 'rationally' understood." What results is a paradox that Schütz calls "the paradox of rationality on the common-sense level": *the more standardized the pattern of action, which means, the more clarity there is in regard to the socially approved standard, the less the action as such is accessible to rational insight*. When encountering this paradox, the individual common-sense actor in everyday life encounters the difficulty that the theoretician faces when trying so specify an order where human interaction is concerned, given the two theoretical findings that rationality is limited in regard to deliberation, and that no "equilibrium" either precedes or follows deliberation by an individual in regard to projects of action.

The common-sense actor in everyday life may well be aware of both sides of this paradoxical situation, namely, that on the one hand, he or she has access to the everyday world that is characterized by typical action patterns and successful interaction in a way that would imply a comprehensive rationality where human action is concerned, and on the other hand, that it is precisely in availing himself or herself of this access that the actor, in effect, precludes the determination or identification of an order to human interaction. But for the common-sense actor, the question as to how it is that he or she can in fact make the two sides of the paradox go together need not become an issue. Can the theoretician get any further than this in addressing the question concerning an order of human interaction?

The Problem

What is particularly suggestive in Schütz's specification of "the paradox of rationality on the common-sense level" is that typical action patterns do not provide the self-explanatory ingredient in a response to the question concerning an order of human interaction, as though one need only factor in a role for innovation in order to come up with a full picture. The typical action patterns are themselves problematic in this regard. Schütz specifies::

To be sure, the more standardized the prevailing action pattern is, the more anonymous it is, the greater is the subjective chance of conformity and therewith, of the success of intersubjective behavior. Yet—and this is the paradox of rationality on the common-sense level—the more standardized the process is, the less the underlying elements become analyzable for common-sense thought in terms of rational insight. (Schütz 1973a:33)

In this regard, rationality on the common-sense level brings us closer than does rationality on the theoretical level to a sense of rationality lying deeper than the sense of rationality associated with the procedures of the physical sciences, and this underscores Schütz's insistence on the priority of social science. The "underlying elements" of standardized action

patterns are those elements out of which the typicalities are forged. The typicalities are the constructs that comprise the social world. It is of course possible for a theorist to focus on those typicalities alone, understood as the constructed social world, and “social constructionism” represents this option. But if the underlying elements are altogether disregarded, neither the origin nor the import of those patterns get taken into account and as a result those patterns, and human action per se, ends up distorted. “Social constructionism” that appeals to discursivity as a basis does not resolve this problem because language involves the very relation between standardized action patterns and underlying elements that Schütz identifies in the paradox of rationality on the common sense level. If the patterns of standardized “typicality” are just taken as a “given,” an option that may in fact appeal in order to avoid the pitfall of an altogether hypothetical “collective agreement” on the accepted standards for typical action, the result is ultimately to sever the “objectively” observed action from the subjectivity of individual actors and to undermine the postulate of subjective interpretation. The more primordial sense of rationality to which the paradox points pertains to the manner in which the standardized action patterns are forged from the underlying elements.¹ Is it possible to account for the paradox of rationality on the common sense level while maintaining consistency in regard to the postulate of subjective interpretation?

I think that a clue for doing so lies in what Schütz says about how the actor “orients” his or her action on socially acceptable standard typicalities. This points in the direction of Schütz’s understanding of the issue of “relevance.” The choices that an individual actor makes in regard to socially acceptable standard typicalities depend upon the relevance of those typicalities to the individual’s deepest concerns. This is what sustains the complex of those typicalities, or in other words, the typicalities rest on the system of relevancies rooted in individuals’ deepest concerns. These concerns stem from the knowledge that each individual has of his or her mortality. This knowledge is indissociable from the recognition that the social world of standard typicalities will simply go on after I am no longer here. This is what prompts the individual’s common sense “suspension of doubt” in the everyday world. The “suspension of doubt” that is prompted by the recognition that the social world of standard typicalities will go on once I am no longer here is at the heart of the common sense actor’s ability to sustain both sides of the paradox of rationality on the common sense level, namely, that the clearer the system of socially acceptable typicalities to which action conforms in successful intersubjective behavior, the less the underlying elements from which those typicalities are formed are accessible to rational insight.

The rather surprising result of this account of “relevance” in regard to the question concerning equilibrium and an order of human interaction is that the everyday world of typicalities that is an order of “open possibilities,” in contrast to “problematic possibilities,” and consequently involves no equilibrium, is a correlate of individuals’ “suspension of doubt.” What this points to is an order of sociality in which individuals interact, one that is not an overall totality, or whole, encompassing or constituting an equilibrium, and yet at the same time, does not violate the postulate of subjective interpretation. This is a human order, sustained, once again, not by an equilibrium, but rather, I think, by a dynamic of responsibility that always, somehow, antedates itself, and that can, notwithstanding the difficulties this poses for rationality, make the forging of typical action patterns from the underlying elements show up amid the socially acceptable patterns of action.

The conclusion to be drawn from these considerations is that it is still possible to address the question of an order of human interaction in the absence of the notion of equilibrium undermined by Schütz's analyses, and what is more, it is possible to proceed without ruining consistency in regard to the postulate of subjective interpretation. The suggestions for doing so that are found in Schütz's work pertain to the fundamental analysis of action, and point, I find, in the direction of that "philosophical anthropology" that lay ahead when Schütz's work came to an end.

Note

1. The sense of rationality ultimately at issue in the paradox of rationality on the common-sense level is also found in the philosophical thought of Hans-Georg Gadamer, where the rejection of the truncated rationality of the physical sciences as inadequate and inappropriate for the human sciences is a point of departure for Gadamer's development of philosophical hermeneutics. Gadamer specifies that the human being "is characterized by the break with the immediate and the natural that the intellectual, relational side of [the human being's] nature demands. . . ." [*Truth and Method*, Second Revised Edition (New York: Crossroad Publishing, 1989), p. 12.] For a full-scale discussion of the benefits to be derived from bringing hermeneutics, as developed by Gadamer, to bear on critical questions in Austrian economics see Mark Addleson's *Equilibrium Versus Understanding* [Routledge Frontiers of Political Economy (London: Routledge 1995)]. Addleson also provides a brief account of Schütz's application of phenomenology to social science, which Addleson regards as an important step on the way to hermeneutical social science. On this basis, Addleson advocates that Austrian economics relinquish the equilibrium issue altogether. In the course of making this case, Addleson does not analyze Schütz's conception of the nature and the role of typification and the correlative paradox of rationality on the commonsense level. A full scale comparison of Gadamer's work with Schütz's would have to involve Schütz's understanding of the relation between typification and the Husserlian understanding of essences, on the one hand, and the elements of Plato interpretation that are at the heart of Gadamer's work, on the other hand, a comparison that is way beyond the scope of this paper. In his article "Austrian Economics: A Hermeneutic Approach" [in *Expectations and the Meaning of Institutions: Essays in Economics by Ludwig Lachmann*, edited by D. Lavoie (London: Routledge 1994)], Ludwig Lachmann proposed hermeneutics as a means of consolidating current advances in interpretive social science, which he traces back to Schütz and to Weber. (For a hermeneutic approach to social science that does not accept the dichotomy between understanding and explanation, sustained in large measure by Gadamer's work, and that integrates more of a positive role for the modern critical feature of phenomenological analysis than does Gadamer's polemic against methodological "distanciation," see Paul Ricoeur's *Hermeneutics and the Human Sciences*, edited and translated by J. B. Thompson [Cambridge: Cambridge University Press, 1981].)

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