

# History of Economics Review

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22 November 2010

Mr Rafe Champion  
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Reference: *HER – Parsons, von Mises and Popper in the 1930s*

Dear Mr Champion,

Thank you for your submission to *HER* entitled “The Convergence of Parsons, von Mises and Popper in the 1930s: The Action Frame of Reference, Praxeology and Situational Analysis”. After considering the reports from the referees, two of whom were historians of economic thought and one of whom was a historian of sociological thought, I regret to inform you that Gregory Moore and I have decided not to publish the paper.

The two initial referees who examined your paper came to contradictory conclusions: referee A recommended against publication and referee B recommended in favour of publication, subject to revisions. We then sent your paper to a third reviewer - a very senior scholar - who we asked to act as tiebreak referee. He/she recommended against publication, primarily because of concerns about the treatment of Parsons (he/she was not persuaded that Parsons should be classed as a methodological individualist) and ambiguity in the use of terms.

Thank you once again for considering *HER* as a publication vehicle for your research. I am sorry that I could not bring you better news.

Yours Sincerely,



Michael McLure  
Editor, with Gregory Moore, of the *History of Economics Review*

## REFEREE A

Report on a paper entitled:

### **The Convergence of Parsons, von Mises and Popper in the 1930s: The Action Frame of Reference, Praxeology and Situational Analysis**

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I have to say that this is a very disappointing article. It is rather schematic in form and provides no real justification for bringing the three authors together, except in terms of their ‘convergence’. This latter argument mirrors claims from Parsons to outline a ‘convergence’, but for him this emerged from developments different traditions of thought, idealist and positivist. What is presented in this article is not ‘convergence’, but similarity. There is simply no statement of the point from which each position developed.

The context for the different arguments is not well enough established. A key intermediary figure is Lionel Robbins and especially his *Nature and Significance of Economic Science*. His argument is influenced by the Austrian School. It is criticised by T.W. Hutchison in *The Significance and Basic Postulates of Economic Theory* (who also criticises von Mises in the appendix). Hutchison criticises axiomatic approaches to economics on what we would now see as Popperian grounds – that the axioms are not open to falsification. Parsons does not discuss Hutchison, but he does discuss Robbins (and by implication von Mises) in an early essay prior to *The Structure of Social Action*. This, and other early essays on economics by Parsons, is not discussed. Nowhere does the author discuss Parsons’s critique of the means-end relation in economics.

Parsons is not a methodological individualist and the idea that he moves to a system approach in later writings is incorrect. He is a theorist of systems of action from the outset. The ‘unit act’ is not the basic unit of analysis for Parsons, but the means of identifying elements within a frame of reference that will be used to establish the emergent properties of systems. This is his critique of the economic understanding of means-end relations. The following quotes from Parsons indicate this:

- Parsons writes that, “the sense in which the unit act is here spoken of as an existent entity is not that of *concrete* spatiality or otherwise separate existence, but of *conceivability* as a unit *in terms of a frame of reference*” (1937: 43-4).
- Discussion of unit acts “serves only to arrange the data in a certain order, not to subject them to the analysis necessary for their explanation” (1937: 48).
- This step, Parsons argues, “consists in generalising the conceptual scheme so as to *bring out the functional relations* in the facts already descriptively arranged” (1937: 49)
- This is what underlies Parsons’ use of an ‘organic’ analogy, where, “the very definition of an organic whole is one within which *the relations determine the properties of its parts*. The properties of the whole are not simply a resultant of the latter” (1937: 32).
- “economic rationality is thus an emergent property of action which can be observed only when a plurality of unit acts is treated together as constituting an integrated system” (1937: 40).

- “action systems have properties that are emergent only on a certain level of complexity in the relations of unit acts to each other. These properties cannot be identified in any single unit act considered apart from its relation to others in the same system. *They cannot be derived by a process of direct generalisation of the properties of the unit act*” (1937: 739).

I also disagree that Popper and Parsons are methodological monists. However, if Popper is a monist, it has to be around falsificationism, and the theory of action being presented is not consistent with falsificationism. The implication may be that Popper modifies falsificationism to take account of special conditions of social inquiry, but then, by that token, he is not a monist.

The article is also over-reliant on secondary sources, where the primary material should be discussed. Schutz’s critique of the Parsons’s subjectivism is very specific and tied also to his critique of Weber. The fact that Parsons calls his own scheme ‘subjective’ does not mean that he is using this in the same way as Schutz. The latter is considering action from the point of view of the actor considered in the process of acting (ie as a phenomenology of the subject acting), whereas Parsons is representing the point of view of the actor as an observer’s reconstruction. In this way, Schutz aligns with neither von Mises, nor Parsons, while the latter does not align with von Mises in terms of the issue of methodological individualism.

Most sociologists would regard Parsons as a ‘historicist’, especially in his later writings. Of course, if the early Parsons is distinguished from the later, that would not affect the argument too much, but, given that I do not think this interpretation is sustainable, the later position implicates the early position.

Finally, the convergence argument is undermined by subsequent divergences by Popper and Parsons, which implies that the author is only really interested in alleged convergences with von Mises and Austrian economics. It is quite clear from the secondary literature that it is not only the methodological assumptions that the other two did not share, but the politics of the Austrian school, too.

## **REFEREE B**

Report on a paper entitled:

### **The Convergence of Parsons, von Mises and Popper in the 1930s: The Action Frame of Reference, Praxeology and Situational Analysis**

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This paper draws on three major contributions in the history of thought on methodology in the social sciences:

- Talcott Parsons, *The Structure of Social Action*, 1937.
- Ludwig von Mises, *Grundprobleme der Nationalökonomie*, 1933.
- Karl Popper, *Logik der Forschung*, 1935.

The author presents material from Parsons, von Mises and Popper to demonstrate some important convergence between these three figures, which raises the question of why this convergence in the 1930s did not become the basis for a common core of methodological principles with more influence in the history of economic thought.

The paper reads well, and the argument is presented clearly. It leads to a table that shows the convergence (although as the author notes, not completely, especially on the question of methodological monism). Scholars with more detailed knowledge of Parsons, von Mises and Popper might argue with some of the claims, but the text provides a firm foundation upon which such a debate could take place.

Having set out the convergence, the examination of why this didn't lead to a unified "critical mass" is, in my view, more preliminary. A "section" discussing "Parsons on von Mises and Popper", for example, consists of a single sentence: "I am not aware that Parsons ever cited Mises or Popper and their associates but this does not mean that he was unaware of their work because I am advised in a private communication that the personal papers and correspondence of Parsons contain numerous references to Popper and Mises". The sentence suggests that the author has not performed a systematic study of Parsons's published work looking for citations of von Mises or Popper, and also that there is an important source of material on Parsons's views of these two figures which the author has not examined.

Further, I am not convinced that the sections on pages 12-14 contribute to the author's argument. The sections are too brief to develop any hypothesis, and do not in my view add anything to the sentence at the paragraph of the previous section that 'it is possible to read a great deal of it and to only find the most fragmentary cross referencing'. The paper could easily go straight from that thought to the section on "Reasons for the failure of convergence".

There needs to be some attention to the paper's details. I noticed, for example, that the following references are missing:

- Mises (1966)
- Popper (1961)
- Rudner (1966)
- Black (1961)

The reference in footnote 3 should be Mises 1966 (not Parsons).

The link in footnote 6 is incorrect (it leads to the paper under review).

There is a small number of typos I noticed:

- Line 1 on page 2: The worked independently should be They worked independently.
- Line 1, paragraph 4 on page 3: on an explanation should be of an explanation.
- Bottom of page 5: the acronym AFR needs to be explained before it is used, and bullet point 4 needs to begin on a new line.
- The table on page 11 needs to be given a number and title: e.g. Table 1 Convergence in the theories of Parsons, von Mises and Popper.

The author might be interested in a special issue of the *American Journal of Economics and Sociology*, 65(1), January 2006, which included some papers on Talcott Parsons that appear relevant to his discussion on page 2.

Overall I found this an interesting and stimulating article that might lead to further work by scholars in the field.

### **TIEBREAK REFEREE**

Report on a paper entitled:

#### **The Convergence of Parsons, von Mises and Popper in the 1930s: The Action Frame of Reference, Praxeology and Situational Analysis**

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I'm afraid I support 'rejection':

1. There is not much on the history of ECONOMIC thought here.
2. There is a plethora of 'isms', which are not adequately explained. I have no idea what the author means by 'positivism', and note 2 on p. 16 is no help; there are at least two meanings of 'historicism', which are not distinguished; 'methodological individualism' is a very slippery concept indeed, as a brief reference to Lars Udehn's magisterial (2001) book would have revealed.
3. I find it very hard to accept Parsons as a methodological individualist (Udehn agrees with me on this, more or less); this, after all, is the man who introduced emergent properties to sociology.

I don't think that this paper can be salvaged. There may be another one to be written, on how their neglect of Popper damaged post-1945 Austrian economics (if indeed it did; and I can't see what they would ever have gained from Parsons). But then the elephant in the room would have to be identified (name of Hayek).

Sorry to be so negative.