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ARTICLES

The Misesian Essentialist and the Hayekian Antiessentialist: A New Dimension in the Dehomogenization

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Ludwig von Mises and Friedrich Hayek are commonly dehomogenized across four axes: epistemology, methodology, social theory, and political philosophy. This article argues for a fifth, more fundamental axis: their ontologies. Mises was an essentialist, while Hayek was an antiessentialist. Mises held that economic categories such as value, cost, preference, and exchange track necessary features of purposive action knowable a priori. His essentialism is transcendental rather than Platonic: Essences reside not in a mind-independent metaphysical order but in the logical structure of rational choice itself. Hayek, influenced by Karl Popper, rejected the idea that economic phenomena possess fixed essences accessible by logical derivation. For Hayek, economic categories are evolving abstractions from patterns in complex adaptive systems. This ontological disagreement precedes the epistemological and methodological disputes that dominate the existing literature, since what something is constrains what can be known about it. Recognizing the essentialist-antiessentialist divide clarifies persistent tensions within the Austrian tradition, especially where scholars draw simultaneously on both ontological frameworks.

The dehomogenization literature, initiated by Murray Rothbard (1988) and extended by Joseph Salerno (1990; 1993), rejected the impression that Ludwig von Mises and Friedrich Hayek represented a unified front. Both Mises and Hayek defended methodological individualism and the subjective theory of value, opposed central planning and mathematical formalism, and resisted positivist reductions of the social sciences to empirical regularities. But they diverged sharply on what kind of nonpositivist science economics should be. The dehomogenization literature currently identifies four axes of difference: (1) the epistemological status of economic propositions, (2) the scope of methodology, (3) the theory of social order, and (4) political philosophy. A fifth axis has been largely passed over. In terms of ontological commitments, Mises was an essentialist and Hayek was not. This is not merely a theoretical philosophical difference of minor consequence; it represents opposing claims about what economic concepts actually are. Do they refer to real, necessary features of human action derivable a priori? Or are they abstractions from

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evolving patterns in complex social systems? Ontological commitments shape what can count as knowledge of a domain, so the four dehomogenization axes already mapped follow from this deeper one.

The Mengerian Fork

Carl Menger gave Austrian economics its essentialist foundations. His *Principles* opens by defining what a good is through four necessary and sufficient conditions: (1) a human need must exist, (2) the thing must have causal properties capable of satisfying the need, (3) the agent must know of this connection, and (4) the thing must be within command (Menger [1871] 2007, 52). Omit any of these conditions, and the thing you have is no longer a good. For Menger, borderline cases or imperfect goods do not exist. Something either qualifies as a good or it does not. The definition tracks necessary conditions, not statistical regularities.

From there, Menger proceeds by logical derivation: From the concept of a good he builds economic goods, higher-order goods, and the full architecture of value, price, and exchange. This is what he calls the "exact" method, aimed at the general nature of and necessary connections among economic phenomena (Menger [1883] 1985, 59–61). This approach is best placed within an Aristotelian ontology in which exact types are universals abstracted from experience (Smith 1990; Mäki 1990; 1997). Norbert Slenzok and Krzysztof Turowski (2025) qualify the Aristotelian reading by noting non-Aristotelian elements in Menger's methodology, but the essentialist core is not in dispute. Whatever Menger's stated philosophical allegiances, his framework is essentialist.

Menger's essentialist approach came at a cost. A world of stable, identifiable natures is not entirely descriptive of the actual world of evolving complexity. Menger did not resolve that tension so much as pass it on to his disciples. These successors faced a genuine fork in need of a decision: Should the methodological approach push the essentialist logic further, as Mises did, or pull back from it, as Hayek did?

Mises as Transcendental Essentialist

Mises's essentialism operated on two levels. He remained empiricist about the physical world, but at the level of purposive action he made a different move. The action axiom, "Human action is purposeful behavior," is not a simplifying assumption or a definition (Mises [1949] 1998, 11). It is a synthetic a priori truth grasped by rational insight into what action itself is. Mises (39) was explicit on this point: "The starting point of praxeology is not a choice of axioms and a decision about methods of procedure, but reflection about the essence of action."

Calling Mises an essentialist may seem wrong at first. He rejected Platonic or Scholastic mind-independent essences (Mises 1962, 13–18) and treated collective entities such as "society," "nation," and "class" as methodological constructs rather than real entities (Mises [1949] 1998, 42–44). On the surface, this looks like nominalism. The tension dissolves once one notes that the two claims operate at different levels. He denies that "society" is real, because no supraindividual entity exists beyond the individuals composing it. Yet he insists that purposeful action has a necessary essential structure because that structure is a condition of intelligibility for the individual to act. The position I refer to as *transcendental essentialism* finds essences not in the external world but in the logical structure of agency itself. As Hans-Hermann Hoppe ([1995] 2007, 19–21) clarifies, the synthetic a priori categories of praxeology are categories of action, the point at which mind and reality make contact.

Three examples illustrate how the ontological commitments of Mises's transcendental essentialism produce real, identifiable economic phenomena. Mises treats the law of marginal utility not as an empirical generalization but as a necessary feature of valuation. Anyone who ranks ends and employs means must apply additional units of a homogeneous good to progressively less-preferred uses as supply increases (Mises [1949] 1998, 119–27). Time preference is similar: An agent who genuinely values a present satisfaction more than an equally available future one would rearrange conduct to obtain it sooner (483–90). The impossibility of rational economic calculation under socialism follows from the same essentialist analysis. Without private property in the means of production, no market in producer goods exists, and thus no money prices for those goods can form. Without input prices, the economic value of alternative uses of those inputs cannot be compared, and rational calculation of cost and yield is logically impossible (Mises [1920] 1990; [1922] 1981, 97–130). Each argument works by exposing a necessary feature of action, not by induction from specific cases.

Hayek as Antiessentialist

Hayek rarely described himself as a nominalist, but his philosophical development pulled consistently in that direction. Hoppe ([1995] 2007, 13n11) identifies the critical turning point in Hayek's methodological views: his encounter with Karl Popper at the London School of Economics. Popper's falsificationism requires that any genuine proposition about reality be vulnerable to empirical refutation. This commitment is incompatible with Mises's claim that economic theorems are immune to falsification because they derive from the essential structure of action.

Hayek's ([1952] 1979, 52–53) critique of scientism makes the ontological disagreement explicit. Social categories such as money, competition, the firm, and property do not refer to natural kinds defined by intrinsic physical properties. Cowrie shells, gold coins, and Federal Reserve notes share nothing physical; what makes them all "money" is a functional role in exchange (Hayek

[1942] 1948, 59–60, 65–66). The same holds for competition and the firm: These are abstractions from complex, historically variable patterns, not essences. The deeper philosophical source of Hayek's position is found in *The Sensory Order* (Hayek 1952). The nervous system does not passively receive a pregiven classification of the world into natural kinds. The mind constructs categories through associative learning, classifying inputs by their behavioral relevance rather than by intrinsic properties. Where Mises argued that the mind supplies the categories through which we understand action, Hayek argued the reverse: The mind's own categories are products of an adaptive history (Caldwell 2004, 277–80). If cognitive categories are constructed rather than discovered, the social scientist's task cannot be to identify essential natures and necessary connections in the domain of action. It becomes instead a question of how agents' interpretive frameworks emerge and interact to generate complex social orders.

Hayek's substantive economics reflects these commitments. His critique of "perfect competition" is precisely that it mistakes a limiting case for competition's essential nature, thereby excluding the very activities of advertising, product differentiation, and entrepreneurial search that constitute competition in practice (Hayek 1948b, 92–106). Prices are not expressions of essential properties embedded in commodities but signals emerging from a complex adaptive system (Hayek [1945] 1948, 77–91). Capital is inherently heterogeneous; any attempt to aggregate it into a single quantitative measure destroys the specificity that makes capital structure economically meaningful (Hayek [1941] 2009, v). Hayek (1988, 6–28) extended the argument furthest in his later work on moral rules, writing that even the norms sustaining a market-based society are not derivable from essential features of human reason but have evolved in ways that exceed our capacity to reconstruct their rationale.

The Priority of Ontology

The essentialist-antiessentialist divide is the most fundamental divergence between the two thinkers because ontology constrains epistemology. A method of inquiry is always a method for investigating something. What that something is—whether it has a necessary essential structure or consists of evolving emergent patterns—determines which methods of inquiry are suitable. Epistemology inherits its form from the ontology that constrains it. This ordering is visible in Mises's own texts. In *Epistemological Problems of Economics*, written sixteen years before *Human Action*, Mises ([1933] 2003, 13–15) already holds the transcendental essentialist position in full. The categories of action are knowable with certainty independent of experience and cannot be revised by any empirical finding. The a priori method appears not as a methodological preference but as the only method compatible with a domain that has an essential structure. The same priority operates in the opposite direction in Hayek ([1937] 1948). His charge that equilibrium theory substitutes logical necessity for genuine causal explanation carries critical force only on the prior assumption that economic phenomena lack the kind of essential structure that would make deduction from the action axiom genuinely explanatory. If action had Mises's necessary essential structure, deriving conclusions from it would not be tautological but would be exactly the right procedure by definition. Hayek's knowledge problem is a genuine problem requiring an empirical-coordinative solution only given the prior assumption that social phenomena are emergent patterns rather than logical derivations. Strip that assumption away, and the dispersal of knowledge becomes a practical inconvenience rather than a feature of economic life. Hayek's antiessentialist commitment, already present in 1937, is the condition that necessitates his epistemological arguments.

Hoppe's (1989, 200–201) defense of Misesian apriorism exposes a further asymmetry. All the categories praxeology identifies—namely, values, ends, means, choice, preference, and cost—are implied in the concept of action itself. Any attempt to deny them is itself an action: It pursues a goal, deploys argumentative means, and incurs opportunity costs. The essential structure of purposive conduct is therefore not one theoretical option among others. It is the unavoidable precondition of any theoretical stance in economics, including the stance that denies it. Mises's position is self-confirming: Any act of affirming or denying it already exhibits the very categories—choice, means, ends—that it claims are essential to action. Hayek's antiessentialism is internally consistent but lacks this self-confirming feature, since it must rely on the empirical adequacy of categories whose status as categories of action it does not derive a priori.

Conclusion

The ontological divergence between Mises and Hayek reframes what is at stake in the Austrian tradition. The question isn't which thinker got the method right. It is what economic science is trying to understand in the first place.

Misesian praxeology holds that economic categories track necessary features of rational action. The conclusions derived from that structure are immune to empirical revision, and the proper task of economic science is to work out what purposeful action logically implies. The Hayekian framework holds that economic categories are revisable abstractions from historically contingent patterns. As a result, the central problems of economics are coordinative and empirical rather than logical, and the appropriate methods are correspondingly pluralistic.

These are not complementary emphases that can be freely combined. Israel Kirzner's synthesis is instructive. His concept of entrepreneurial alertness draws on Misesian a priori categories, while his market-process orientation is broadly Hayekian. If alertness is a necessary feature of action (Kirzner 1973, 31–35, 85–86; 1979, 28–31), then it should be knowable a priori and immune to empirical revision. But if market coordination is an empirical process of learning under dispersed knowledge (Kirzner 1979, 20; 1992, 132–33, 139–50), then the mechanism driving it should itself be open to investigation. Kirzner treats alertness as simultaneously knowable a priori and as the result of an empirical process, producing a tension rather than a synthesis. The tension goes unresolved precisely because the ontological fork is never faced directly.

Austrian economists who draw on both ontological traditions are building on incompatible foundations. That tension can be managed for a while, but it eventually shows up. Making it explicit is not merely an academic exercise but the precondition for building a solid theoretical foundation that takes seriously the methodological and epistemological constraints the ontological fork imposes.

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