

# THE PRINCIPLES OF SUBJECTIVISM

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The aim of this note is to identify three principles of subjectivism. Subjectivism refers to the stance or stances that the social scientist takes towards the phenomena he studies. The principles are an adaptation of the writings of Alfred Schuetz's on the method of social science. Schuetz was a participant in Ludwig von Mises's seminars in Vienna in the 1920s. (See Mises, *Notes and Recollections*, 1978, Chapter Nine.) He is today regarded as a founder of a branch of professional sociology called phenomenology. He wrote a paper for F. A. Hayek's journal *Economica* in 1943 entitled "The Problem of Rationality in the Social World." One issue that concerned Schuetz in his 1943 paper was that economists and other students of human action did not, at the time, often discuss methodology. They merely went about doing their work. He pointed out that there is nothing wrong with this so long as their work is governed by principles. His concluding paragraph begins as follows:

The social scientist, therefore, governed by the postulates mentioned, give him the assurance that he will never lose contact with the world of daily life. And as long as he uses with success methods which have stood this test and still do so, he is quite right in continuing without worrying about methodological problems...(p. 149)

More comprehensive treatments of the methodology of social science are his later paper in 1953 and his collective works in Schuetz, 1973.

Schuetz identified what he called (1) the postulate of subjective interpretation, (2) the postulate of adequacy, and (3) the principle of relevance. We discuss each in turn. Then we briefly discuss the difference between doing history and making predictions.

## Subjective Interpretation

The postulate of subjective interpretation sets out the procedure for studying and describing action and interaction. Schuetz enunciated the principle as follows:

...In order to explain human actions the scientist has to ask what model of an individual mind can be constructed and what typical contents must be attributed to it in order to explain the observed facts as the result of the activity of such a mind in an understandable relation. The compliance with this postulate warrants the possibility of referring all kinds of human action or their result to the subjective *meaning* such action or result of such action had for the actor.(1953, p. 34, italics added)

The *meaning* of a given event refers to the particular "location" of the event in a particular actor's means and ends.

This principle states that we are not directly interested in an individual's behavior, as we observe or measure it. When we describe someone's behavior, we must conceive of it through the eyes and mind of the person who behaves. The principle of subjective interpretation requires the student of action and interaction to build images of actors' means and ends. When she refers to a

social event, she *always* assumes or hypothesizes that the event is important to some actor in his use of means to achieve ends. More fundamentally, all the terms that the social scientist uses in her craft must ultimately refer to the means and ends of the interactors. For example, the economist uses the term "market" to refer to the simultaneous perceptions of the possible gains (meeting of ends) from exchange (the means) by the prospective buyers and sellers.

## **Adequacy**

The second principle is the principle of adequacy. This principle describes a specific rule that the student of human action and interaction must follow in building her images of means and ends. Her images must be *reasonable* and *understandable* to the actor himself and to other subjects. Schuetz says:

...Each term in a scientific model of human action must be constructed in such a way that a human act performed within the life world by an individual actor in the way indicated by the typical construct would be [reasonable and] understandable for the actor himself as well as for his fellow-men...Compliance with this postulate warrants the consistency of the constructs of the social scientist with the constructs of common-sense experience of the social reality."(Schuetz, 1953, p. 34)

What makes it possible for a social science to refer at all to events in the life world is the fact that the interpretation of any human act by the social scientist might be the same as that by the actor or by his partner.(1943, p. 147)

The principle of adequacy rules out images of an actor's means and ends assumed to be unknown to him and images that we know he could never have built. For example, in building an image of the means that a 19<sup>th</sup> century merchant might use to advertise his product, we would not include radio, television, electronic billboards, or the internet.

Schuetz does not tell us what is ruled in. Reasonableness and the capacity to be understood are not easy to define. What seems reasonable and understandable to one person may not be so to a different person. Moreover, what seems unreasonable and incapable of being understood at one time may, to the same individual, seem reasonable and understandable at a different time. A proper application of the principle of adequacy would seem to require an appreciation of the nature of cognitive faculties -- i.e., of the nature and development of human thought.

## *The Rise of Capitalism*

Consider another example, suppose that you aim to describe the rise of capitalism. You know that before capitalism, there was a division of labor. However, a person's position within the division of labor was almost fully determined by the position or status of his parents and family. For example, a person of lower status whose father and grandfather were not tailors could not himself become a tailor, unless he had a higher class status. Knowing that this system restricts creativity and inventiveness, you might assume that at some point in time an enlightened dictator or elite had studied different forms of social organization. Recognizing that free competition in the trades would improve the division of labor and promote economic development and growth, you

might hypothesized that an enlightened dictator or elite, after thoughtful consideration, decided to replace the system of tradition and inherited positions in skilled trades with one of open competition.

Now if you were describing the leaders of a 20<sup>th</sup> century undeveloped country who had carefully studied the nature and principles of capitalist development, your images of their means and ends might be appropriate. However, if you were studying the leaders of a society in which capitalism first emerged, it is highly unlikely that your images would satisfy the condition of adequacy. The evolution of capitalism appears to have been a gradual process. Free competition emerged slowly, step-by-step. Sometimes leaders of countries recognized that old methods of economic organizations had restricted a country's growth. But this appears to have occurred only after those methods had already been adopted elsewhere. The *original* changes seem to have taken place during periods of crises and upheavals that challenged the traditions. In other words, capitalism seems to have arisen originally as a kind of unintended consequence of other actions or of changes in the environment that were outside the control of the actors. Its duplication in modern times, however, appears to be largely the consequence of intentional acts by political leaders.

## **Relevance**

The third principle is the principle of relevance. This principle says that the social scientist's image of the particular means-ends frameworks of actors must be logically consistent with (relevant to) her purpose. (1943, p. 145). For a social scientist to know whether she is following this principle, she must (1) know her purpose and (2) assure herself that her images are consistent with the achievement of her purpose. For one social scientist to decide whether the image used by another social scientist is relevant, she must know the latter's purpose. If two social scientists disagree over the purpose of building an image, they are unlikely to agree on the relevance of an image.

The principle of relevance may be used as a basis for establishing a professional standard. Each social scientist, in her communication with her professional colleagues regarding her studies of interaction, should state her purpose. Otherwise it will not be possible for the colleagues to judge whether her work violates the principle of relevance.

### *Evaluating Stock Market Laws*

Consider an example. Suppose that your goal is to determine whether laws that circumscribe certain stock market activity should be repealed. These laws pertain to such activities as insider trading, false disclosure by listed corporations, and manipulation of stock prices by large traders and tipsters. To achieve your goal, you must build an image of the various actors who would participate in a completely free stock market. You know that most individuals in a "sophisticated" stock market are ordinarily cautious with their money and are aware of the

potential pitfalls of investing in stocks when they are highly uncertain of the corporation's financial position and prospects. If you were evaluating the laws for a sophisticated market, you would assume this about the speculators. If you assumed otherwise -- e.g., that speculators are naive, that they are mainly gamblers and prone to jump on bandwagons, and that they ordinarily follow the advice of tipsters -- your images would not be *relevant* to your purpose. Of course, if you were analyzing laws in a newly developing stock market, where speculators were unlikely to have had the kinds of experiences that lead to "sophistication," a different image would be relevant.

### **Doing History and Making Predictions**

Social scientists ordinarily aim to explain the events of the past. Their goal is to do history. Prediction is, for the most part, the same thing; except that we are referring to the events of the future instead of to the events of the past. In history, we try to explain events by referring to the choices and actions of the individuals who caused the events that we aim to explain. The events have already occurred. Our task is to build images of actors such that the events can be logically deduced from the actors' actions. The main problem of doing history is that a virtual infinity of possible images of actors' actions are logically consistent with a given historical event. We must try to select the ones that we believe are most probable.

In making predictions, the events that we aim to explain have not yet occurred. So we make hypotheses about the means and ends of the actors and then try to deduce the events that will logically result from their choices and actions. As in the case of doing history, we face the problem of choosing among an infinity of possible images of actors' actions. Moreover, for a given set of images that we choose, there may be a number of possible events that they cause, depending on the external environment. It follows that even after we have decided which images of actors to use, our predictions are *always contingent* on the existence of a given set of physical circumstances that lie outside the control of the actors.

## References

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