

Feminist economics: an Austrian perspective

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Abstract This paper attempts to assess the recent literature on feminist economics from the perspective of modern Austrian economics. Feminists and Austrians share many epistemological and methodological criticisms of neoclassical theory, although Austrians have never linked those criticisms to gender. Both groups argue that the attempt to mimic the methods of the natural sciences has been a particular source of trouble for neoclassicism. The paper suggests that these common points of criticism can serve as a starting point for dialogue between the two groups. Despite their similar criticisms, the groups do have divergent views on what economic theory should look like, as well as the policy conclusions that likely flow from those theories. The paper explores two examples of theoretical differences (the concept of utility and the relationship between competition and cooperation) and suggests ways that feminists and Austrians might begin to sort out their differences.

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The last ten or twenty years have seen an explosion in the study of both gender and sexuality and their application to the various traditional academic disciplines. From literature to history to anthropology to biology, scholars have deployed feminist ideas and techniques of analysis to explore the ways in which existing bodies of knowledge may well reflect the fact that disciplines have privileged either men as subjects or ways of knowing that are valued because they are associated with social conceptions of masculinity. Economics remains one of very few disciplines where feminist scholarship has yet to significantly make its presence known. Feminist approaches to economics have only very recently been able to get any kind of hearing within the main institutions in the discipline.¹

What I hope to do in this essay is to assess this burgeoning literature from a perspective that might best be labeled 'Austrian' or 'Hayekian'. Despite their very serious ideological differences, a confrontation between feminist economics and the Austrians is useful because both claim to be making deep epistemological critiques of neoclassical economics.² Hayekians conclude that such critiques point to a very different conception of the discipline of economics which, in turn, has led most of them to a strong defense of markets

and neoliberalism.³ For many feminist critics of neoclassicism, a recognition of the feminist critique of its implicit epistemology also leads to a reconception of the discipline. For some feminists this critique and reconception also leads to a greater skepticism about neoclassical claims for the desirability of the market. To the extent that neoliberal policy conclusions derive from neoclassical conceptions of the market, a feminist perspective might also show the limits of the liberal project that neoclassicism is seen to defend.⁴ Despite these differing projects, there are strong parallels between Austrian epistemological perspectives and those of many feminist economists. Exploring how these similar starting points reach different conceptions of both economic theory and the market process should reveal areas where each side can inform the other.

GENDER, KNOWLEDGE AND THE CRITIQUE OF NEOCLASSICAL THEORY

Like all schools of thought in economics, there is a range of views that goes under the heading of 'feminist economics'. Although there are some general and fundamental ideas that define the feminist perspective, the implications of those ideas for theory and policy are not universally agreed upon. In order to keep this straight, in discussing what seem to be areas of general agreement I will refer to 'the feminist perspective' or 'feminist economics'. In discussions of the views of specific authors, I will try to indicate those views by the author's name.⁵ What does unite almost all of the writers who see feminist economics as a distinct theoretical perspective is adherence to the broad position known as 'feminist constructionism' (see Ferber and Nelson 1993: 9–12). This position sees feminism as a theoretical structure that enables us to view various intellectual enterprises and social institutions through the lens of socially constructed gender roles. In some sense, this is analogous to Marx's attempt to explore economic relations through the lens of class relationships. Of particular interest to feminist constructionism is exploring the way various disciplines have conceived themselves given the conceptions of gender that created the context for their origins and continued evolution. As a result, the philosophy of science has been a common starting point for distinctly feminist perspectives on the world and the way it is understood.

Recent feminist work on knowledge and science has paralleled the post-Kuhnian critique of Cartesian rationalism and twentieth-century positivism. Like the Kuhn and those after him, many feminists do not accept the model of science as purely objective, detached fact-seeking, where the scientist builds up unambiguous evidence through empirical experimentation and rationally constructs theories and further experiments to determine what the world 'really' looks like. Also like those critics, feminist theory sees all knowledge-creating activities (e.g., science, social science, the arts, human-

ities, etc.) as essentially human social activities and, as such, are no different from the multitudes of other activities we engage in. The production of knowledge is therefore as much about persuasion, belief, faith, commitment, prejudices, and hunches, as it is about facts and theories.

What the feminist perspective has added to the post-Kuhn literature is to link these arguments to gender. Specifically, the Cartesian-rationalist-positivist conception of knowledge and science, which emerged out of the sixteenth and seventeenth century, was a particularly masculine one. It was men who had developed both the philosophy and practice of science, and it was their epistemological perspectives that informed that development. As a result, rationalist conceptions of science are not, argue feminists, representative of a non-gendered 'human' point of view, but reflective of the more highly valued traits perceived to be associated with masculinity. Because it does not explicitly recognize this context, science, as currently practiced, is at the very least incomplete and, at the most, it is mistaken in claiming a universal 'understanding' of the world.⁶

More specifically, many feminists argue that the official methodology of science, developed by Descartes and Bacon among others, privileges male notions of objectivity and rationality to the exclusion of subjectivity and emotion, which were seen as predominantly female and, therefore, to be avoided. As Julie Nelson (1993a: 25) summarizes it:⁷

In the Cartesian view, the abstract, general, detached, emotionless, 'masculine' approach taken to represent scientific thinking is radically removed from, and clearly viewed as superior to, the concrete, particular, embodied, passionate, 'feminine' reality of material life.

The masculinity of Cartesian science is also seen in the various metaphors that scientists have used to describe their relationship with nature. Feminist physicist Brian Easlea (1987: 205) argues that:

Physicists often refer to their 'pure' research as a kind of sexual exploration of the secrets of nature – a female nature that not only possesses great subtlety and beauty to be revealed only to her most skillful and determined admirers and lovers, but that is truly fearsome in her awesome powers.

Easlea goes on to offer numerous examples of the metaphors of penetration, exploration, and domination used by various scientists. Among feminist economists, Nelson (1992, 1993b) has made similar arguments about the way mainstream economists have historically defined their research program.

One of the prime tools in a controlling conception of science is mathematics. To a large extent what defines a discipline as 'scientific' is its ability to make use of the language of mathematics to express its central theoretical ideas. Within the natural sciences, physics is 'king' because it is the most amenable to mathematical structures, while economics is seen as the

'queen' of the social sciences for much the same reason.⁸ Kathleen Okruhlik (1992: 67) claims that 'In some ways, the whole point of banishing the organic view of nature was to make matter amenable to mathematical treatment. Organisms are self-moving and indeterminate.' The opportunity cost of using the artificial language of mathematics rather than natural languages to attempt to understand the world is a focus on the subject. To introduce historical, cultural, or subjective factors into natural scientific explanations (and social scientific ones today) is to bring in the very anthropomorphism that the scientific revolution attempted to banish. Anthropomorphism, however, is appropriate when one is studying *human* subjects. As Okruhlik (1992: 72) nicely captures it:

Here the problem is that methods appropriate for an impartial and complete understanding of inanimate objects are not for an impartial and complete understanding of conscious objects. To treat centers of consciousness as if they were objects is to fail to be objective in the methodologically defined sense, to ignore the lived experience of research subjects is to fail epistemically as well as morally.

The cost of pursuing the masculine view of scientific knowledge and the relationship between humans and nature has been a loss of the subjective perspective of both the subject of research and, by implication, the human scientist.

Extending feminist critiques of rationalistic science to economics is fairly straightforward: mainstream neoclassical theory is thoroughly gendered. That is, both its understanding of what constitutes acceptable scientific economics, and the subjects who inhabit its models, are based on a male-centered (or androcentric) view of the world. For example, Paula England (1993) points to four different ways in which this androcentric bias can be seen: 1) the impossibility of interpersonal utility comparisons, 2) exogenous tastes and preferences, 3) independent utility functions, and 4) the schism between the way actors are assumed to behave in markets and in the family. According to England, all of these core portions of neoclassical theory are linked because they take as given the notion that market actors are male and therefore she argues that these assumptions may be inappropriate when both men and women are equally valued as economic actors.

The androcentric bias of neoclassical economics has also been linked to the notion that economics is the science of choice. As Julie Nelson (1993a: 26) argues:

Such a definition is not unrelated to the gendered Cartesian ideal. Defining the subject of economics as individual choice makes the detached cogito, not the material world or real persons in the material world, the center of study. Nature, childhood, bodily needs, and human connectedness, cut off

from 'masculine' concern in the Cartesian split, remain safely out of the limelight.

Starting with the early efforts of Carol Gilligan (1982), various psychologists and sociologists have tried to show that women perceive and understand the world in ways different from men. Where men tend to show preferences for formal rules and structures, women are more concerned with the rightness of particular outcomes. Neoclassical models based on an agent who searches for and makes use of objectifiable information that can be put in the formal structure of an optimization problem reflect a valuation of certain kinds of knowledge and an instrumental attitude toward that knowledge that has historically been associated with men. The character of *homo economicus*, who is the protagonist in so many neoclassical stories, is, in the feminist view, irredeemably male.

In addition, it is not just the agents which populate neoclassical models that reflect this detached, objectivist point of view. The vision, both explicit and implicit, in neoclassicism of the self separated off from ethical, moral, or emotional concern and coolly calculating utility maxima is the same self that inhabits the Cartesian view of science discussed earlier. The detached objectivity required by the scientific method is parallel to the atomistic agent of choice in neoclassical models, argues feminism.⁹ Strassman (1993b) nicely points out that most scholarship done by economists is written in a way that attempts to mimic that same detached objectivity. Deconstructing that false objectivity to reveal the fullness of both the economist and the economic actor (which may well involve gender implications) is a crucial component of a more feminist economics.

The atomism of this view of the self is best captured by the assumptions of incomparable and independent utility functions. On this view, neoclassical agents are incapable of empathizing with others and are unable to be genuinely altruistic (England 1993: 42–4; and Folbre 1993). Considerations of the more complex motives that lie behind human choices have also led many feminist economists to criticize the standard neoclassical treatment of the family as either the province of pure altruism or as benevolent despotism (or better yet, benevolent *patriarchy*).¹⁰ A more feminist economics would pay much more attention to the nature of the family relationship, especially in terms of the intersections of gender roles and power. Folbre and Hartmann (1988: 185) argue that: 'Within the neoclassical tradition, the assumption of a joint utility function has obscured the possibility of conflicts between individuals in the family.'

Perhaps the most important assumption of neoclassical economics is that agents are able to perform all of their rationalistic calculation via the assumption of perfect, relevant knowledge. Knowledge of market prices, utility, costs, etc., is assumed to be objectively knowable, and known, by all agents in the model. In rational expectations models this certainty is couched

in terms of probabilities but the nature of the knowledge at issue is never questioned. In more recent imperfect information models, it is usually various transactions costs, rather than the non-objectivity of knowledge, that prevents agents from being fully informed, i.e., it is rational to be less than fully informed. In all of these cases, knowledge is viewed in the same Cartesian, rationalist way that feminism argues is associated with masculinity.

A feminist influence on economic theory would lead economists to pay more attention to the connectedness of human actors and the ways that they are embedded in particular historical, cultural and social contexts (Day 1995: 141 and Macdonald 1995). Economics would be more focused on interpersonal relationships¹¹ and to try to account for the role of empathy and interdependent utility functions in explaining a broader range of human behavior. Presumably this would include a focus on the ways in which behavior is socialized through economic and social institutions. A more feminist conception of knowledge would lead to a more thorough treatment of genuine uncertainty (rather than probabilized risk or informational transaction costs). Here too some feminist economists have called for more attention to the ways in which formal institutions and informal networks serve as information providers, especially for women. A more feminist economics would take these questions more seriously.

A related and no less important concern is that mainstream economic theory has ignored so-called 'women's work.' At the most basic level the work done by women in the home (e.g., housework and child-rearing in developed countries and unpaid agricultural labor in the Third World) is not counted in aggregate statistics such as GDP, despite the fact that such work clearly improves lives and contributes to production in some sense of the term. The source of this neglect is seen as the privileging of the commodity in that only what gets traded in organized markets is accounted for in GDP. In addition, various economic policies, especially development plans administered by Western institutions, have strongly affected the relationship between market work and home work in ways often detrimental to women.¹² As the title of Julie Nelson's (1993a) paper suggests, feminists might well prefer to think of economics as the study of 'provisioning' rather than the more narrow notion of 'choice.' Such a shift would enable economics to examine the family and other spaces traditionally ignored by a more masculine conception of economics. This could be part of a larger project that could more easily incorporate feminist, and female, perspectives.

A further example of the androcentric nature of neoclassicism is that it is almost totally focused on competition and leaves little room for discussion of cooperation as an alternative economic process (Strober 1994: 146-7). The attributes that are centered around the notion of 'competition' are thought to be male ones. For example, competition is connected with aggressiveness, killer instinct, the drive to win, treating others as objects to be overcome, etc. Competition is a 'struggle,' a 'war,' a 'battle,' it's 'dog-eat-dog' or 'cut-

throat' and the like. A feminist economics would suggest that these metaphors reflect the valuation of certain types of behavior that are particularly male. A more feminized economics would look more at the ways in which people cooperate and how that cooperation leads to improved well-being for the individuals involved. The links between a focus on cooperation and a move away from self-interest would also be open to exploration.

PARALLELS BETWEEN FEMINIST AND AUSTRIAN ECONOMICS

The feminist critique of neoclassical theory is similar to how the philosopher Michael Polanyi (1958: 380) described the end-state of Cartesianism's view of the subject, 'Then man dominates a world in which he himself does not exist.' If feminist economists are willing to look past the gendered pronouns, they will see much in common with their own views. Indeed, many aspects of the feminist critique of neoclassicism and the attempt to rehabilitate a real, acting subject have strong parallels with modern Austrian economics. The methodological core of both Austrian economics and Hayekian social theory has always been a focus on the subjective perceptions of the acting subject.¹³ Carl Menger founded the Austrian school on a subjectivist theory of value and the evolution of a uniquely Austrian perspective has been driven by the extension of subjectivism from value to knowledge and, most recently, all the way to the interpretations and expectations of economic actors. This progressive *subjectivization* of Austrian economics is in contrast to what it sees as the parallel *objectivization* of neoclassicism, the latter culminating in rational expectations theory which attempts to objectify the most nebulous of human phenomena, our expectations of an uncertain future.

These Austrian themes are at their broadest and most philosophical in Hayek's work, especially his *The Counter-Revolution of Science* (1952a). There Hayek defines and attempts to dismantle what he calls the 'scientism' of Cartesian approaches to the social sciences. For Hayek, scientism is the illegitimate extension into the social world of the methods perhaps appropriate to the natural sciences. The practitioners of scientism either fail to recognize or refuse to see the differences between the inanimate subject matter of, say, physics, and the choosing, conscious entities that populate society. In particular, objectivistic approaches that abstract from the context of action and its meaning are of little help in the social sciences:

Nor could we distinguish in physical terms whether two men barter or exchange or whether they are playing some game or performing some religious ritual. Unless we can understand what the acting people mean by their actions any attempt to explain them . . . is bound to fail.

(Hayek 1952a: 53)

For Hayek, approaches such as behaviorism in psychology and general

equilibrium theory in economics are guilty of wrongly accepting the rationalist model of science and knowledge as appropriate for the study of human beings.¹⁴

The theme that economics should not mimic the methods of the natural sciences was part of Austrian economics from its very founding in Menger's work. In his methodological attack on the German Historical School, Menger (1985: 133) wrote: 'The so-called social organisms, on the contrary, simply cannot be viewed and interpreted as the product of purely mechanical force effects. They are, rather, the result of human efforts, the efforts of thinking, feeling, acting human beings.' Menger was trying to articulate a defense of economic theory that saw it as necessary in order to do the kind of up-close historical work that the Historical School favored. For Menger, however, theory was not the arid mathematical formulae of Jevons, Walras, and Pareto, but a theory rooted in real, living, fallible human beings.¹⁵

It is of note that Hayek's concern was almost exclusively with how Cartesian rationalism was undermining the social sciences, rather than suggesting that it was also a problem for the natural sciences.¹⁶ Younger Austrians today have also been extending subjectivism to the scientific process itself (e.g., Lavoie 1985: appendix) and have also explored the relationship between Hayek's work and modern phenomenological hermeneutics.¹⁷ Although any direct relationship to Hayek is hard to establish, the argument of the younger Austrians is that significant parts of many varieties of post-modern thought have clear similarities to Hayek's work.¹⁸ What distinguishes feminism is the claim that Cartesianism is inherently masculine, while more subject-oriented views of science are less so. Hayekians might find this claim controversial, but as stated would appear to have no clear reason to reject it a priori.

Along with their criticisms of neoclassical methodology, Austrians have tried to show weaknesses in neoclassical theory. Though not from the gender angle, modern Austrian arguments parallel feminist concerns about neoclassicism's inadequate view of knowledge and lack of attention to the role of institutions in shaping and guiding behavior. For example, the Austrian tradition has long rejected the hyper-rational homo economicus who inhabits neoclassical models. Carl Menger's (1981) *Principles of Economics* begins with a discussion of the limits of human knowledge and the way in which economic activity is a learning process. To assume that economic actors know all that they need to so in order to optimize was, according to Menger, to miss the main feature of economic processes. In his chapter 'The theory of value,' Menger (1981: 148) wrote, 'Even individuals whose economic activity is conducted rationally ... are subject to error. Error is inseparable from all human knowledge.'

These Mengerian themes were carried forward in the work of Mises and Hayek. In *Human Action*, Mises (1966: 92–3) says of economics that it does not

deal with human meaning and action as they should be or would be if all men were inspired by an absolutely valid philosophy and equipped with a perfect knowledge of technology. For such notions as absolute validity and omniscience there is no room in the frame of a science whose subject matter is erring man.

In the Austrian view, humans have incomplete, and possibly inconsistent, knowledge and often are not explicitly aware of what it is that they *do* know. On this view, economic and social institutions are seen as processes by which human beings communicate their dispersed and contextual knowledge and thus learn from one another. The advantages of the market for the allocation of resources are not found in the supposed rationality of individual actors, but instead are derived from trans-personal institutions (like prices and profits) that provide imperfect but useful knowledge to fallible but alert human actors. Seeing the market in particular as a process of learning and discovery is most prominent in the work of Hayek and Israel Kirzner.¹⁹

Much of modern Austrian economics takes its starting point from Hayek's well-known (1937) paper on 'Economics and knowledge'. Hayek criticized existing conceptions of equilibrium for their inattention to the complexities of their assumptions about knowledge. Rather than defining equilibrium in terms of the perfect knowledge of atomistic agents, Hayek argued that equilibrium can be defined as a consistency of plans among economic actors. In order for all actors' plans of action to be successfully executed, all must have correct expectations of the future, including their expectations of the plans of other actors. Hayek's point was that economists cannot *assume* that such plan consistency exists, rather our task is to ask how it is possible that individual actors ever learn enough about the world and each other to even begin to get any of their plans right. Whether or not markets approached equilibrium was an empirical question about the nature of knowledge and the role of economic and social institutions in facilitating the learning process necessary to produce any tendency toward equilibrium. Hayek (1945: 91) would later argue that:

an essential part of the phenomena with which we have to deal [is] the unavoidable imperfection of man's knowledge and the consequent need for a process by which knowledge is constantly communicated and acquired. Any approach, such as that of much of mathematical economics with its simultaneous equations, which in effect starts from the assumption that people's *knowledge* corresponds to the objective *facts* of the situation, systematically leaves out what is our main task to explain.

In one of the more recent restatements of the Austrian research program, O'Driscoll and Rizzo (1985) link up these questions with early twentieth-century continental philosophy and sociology (for example, the work of Henri Bergson and Alfred Schutz), to lay out what the authors call 'the economics of time and ignorance'.

Hayek's work on theoretical psychology (1952b) also has themes that parallel the feminist epistemological critiques of the objectivism of neoclassical economics. In his attempt to understand the way in which the brain turns perceptions of physical sensory inputs into mental patterns of order, Hayek argued that (142):

Perception is thus always an interpretation. . . . All we can perceive of external events are therefore only such properties of these events as they possess as members of classes which have been formed by past 'linkages.' . . . *all* we know about the world is of the nature of theories and all 'experience' can do is to change those theories.

For Hayek, we perceive the world through mental ordering categories that are themselves the evolving product of experience. For Austrians, this argument has significant implications for how both economists understand the world and the ways in which human beings form expectations and make choices in the world.²⁰

Hayek's view seems consistent with feminist arguments that economists are prevented from seeing issues of gender due to the way in which categories of thought have evolved both in the discipline of economics and in the broader society. For Hayek, the mental linkages that order the world for us are products of experience, and there seems no reason to doubt that one set of such experiences could be gender role socialization. As with several other points of similarity, Austrians have not chosen to focus on the gender implications of their views, but that choice need not imply that such an investigation is neither possible nor worthwhile. One interesting area of debate between feminist economists and Austrians might be over the whether or not (or to what degree) social conceptions of gender affect the epistemological processes that both groups appear to see as central to real economic behavior.

The most recent Austrian work on knowledge extends Hayek's position and is even closer to the feminist epistemological and theoretical positions sketched above. In his attempts to expand the Austrian critique of socialist economic planning, Don Lavoie (1985) has shown the links between a Hayekian approach to economics and various post-positivist conceptions of knowledge. Lavoie (1985: 58) begins with the work of Polanyi and argues that 'Knowledge is inextricably connected to the knowing subject and crucially dependent on the subject's value and beliefs rather than detached and "out there."' Compare this to Nelson's (1993b: 129) observation that:

Complete detachment is impossible. This should be obvious in the social sciences, where the researcher may be a member of the society which he or she wishes to examine. The pretense of detachment sustained by objectivism only hides such phenomena.

For the most recent generation of Austrians, the implication is to explore the

ways in which social institutions enable us to make our contextual knowledge available for interpretation by others, and how well market institutions improve human welfare by cultivating the increased use and coordination of such knowledge.²¹

Some Austrians have also been trying to imagine what an economic theory truly informed by a non-objectivist conception of knowledge would look like. In particular, they have tried to fuse Hans-Georg Gadamer's hermeneutics to an Austrian understanding of choice, knowledge, and institutions. David Prychitko (1994: 306) says:

Because economics is (or should be) a science that seeks to render the social world intelligible by reference to plan-guided actions ... [it] is therefore suited for an interpretive-hermeneutic methodology, free from the scientific prejudices of positivism.

A more hermeneutically informed Austrian economics would focus on the way in which individuals construct plans of action from their partial and tacit knowledge and also explore the way these plans (which will often conflict) play themselves out through social institutions. Such an economics would have to emphasize issues of meaning and context and the historical positions of various economic actors to understand fully both their plans and the social outcomes those plans engender. Seeing economics this way requires more in-depth examinations of historical and cultural factors affecting economic choices and institutions in order to understand the meanings that individuals attach to their actions. In some important ways, a more hermeneutical economics shares many central concerns of a more feminist economics, although once again, the focus of the Austrian-hermeneutics has not been on the gender aspects of such theoretical shift.

SOME AUSTRIAN REFLECTIONS ON A MORE FEMINIST ECONOMICS

Despite their similarities, there are many significant differences between the feminist agenda for economics and the Hayekian one. In this section I want to address two issues where Austrian insights might address some arguments of specific feminist economists.

The first issue concerns utility theory. Paula England (1993: 42) argues that replacing the separative self of neoclassical economics with a more connected self, informed by feminist insights, would enable economists to take account of empathy in utility theory. Seeing the self as constructed out of the connections that a person has with the people and institutions he or she interacts with would put empathy front and center in making sense of individual choices. If who we are is significantly defined by our relationships with others, then we ought to be able to say something about how those others enter our utility functions. In England's (1993: 42, emphasis mine) words:

Such empathy would facilitate making interpersonal utility comparisons, since being able to imagine how someone else *feels* in a given situation implies the possibility of translating between one's own and another person's *metric* for utility.

A more connected vision of the self would therefore enable us to break down some of the barriers to exploring issues such as empathy.²²

Although empathy is certainly one factor that explains the choices people make, England's argument can be challenged from a more Austrian conception of utility. As the emphasized words suggest, England views utility as a hedonic (i.e., as a subjective feeling) rather than as a ranking of the importance of various means and ends. Austrians (and some neoclassicists) have always argued for the utility-as-ranking view and against the hedonic view.²³ As Menger (1981: 119) defined it, 'Utility is the capacity of a thing to serve for the satisfaction of human needs'. That 'capacity', of course, has always been understood by Austrians as deriving from the subjective perceptions of individual choosers. In other words, what makes utility subjective, and prevents interpersonal utility comparisons, is not our inability to empathize or literally try to feel what others feel, but our inability to know how others assess the capacity of some good or service to satisfy their wants.²⁴ To truly make interpersonal utility comparisons on an Austrian view would require not empathy but the ability to read the other's mind and know the whole social, historical, cultural context which informs her perception of the ends she is pursuing and the relationship between a given means and end. On feminism's own grounds, the view that humans are uniquely situated in history and culture suggests that knowing exactly how another would assess some good or service would be an almost intractable problem.²⁵

A second issue is Strober's (1994) previously noted connection between competition and masculinity. An example of the androcentricity of economics is its almost exclusive focus on competition and the aggressive, presumably male, metaphors it involves. The charge is that neoclassical economics is privileging male notions of social interaction.

The problem with this argument is that it does not take neoclassical models at their word. The most full-blown neoclassical model of competition is perfectly competitive equilibrium. As presented in textbooks and the journals, firms in perfectly competitive equilibrium are as far from aggressive, 'competitive,' testosterone-driven agents as one could imagine. The model of perfect competition assumes that firms take prices as given, that goods are homogeneous, and that firms have perfect knowledge of their cost and demand curves. In some real sense, perfect competitors are extremely *passive* entities. As noted earlier, neoclassical 'firms' and agents do not even choose in any meaningful sense of the term. The 'firm' is just a function describing how much output will be produced given the quantity of inputs, and the 'agent' in perfect competition is but a utility function described by a

collection of indifference curves and which automatically responds to its budget constraint and given market prices. For all of its own claims (as well as those of feminist critics) that it is the science of choice, the main model of the neoclassical version of economics is not about any recognizable notion of choice. Neoclassical firms and agents are completely passive, functional *reactors*, not aggressive searchers and choosers. As Austrians have long argued, given the assumptions of the model, there is no reason for firms to engage in competition as colloquially understood.

As a result, the model cannot explain price competition, brand discrimination, advertising, the introduction of new technologies, and any other real world manifestation of competitiveness. To the extent economists are understood to be explaining real world competitiveness, it is in the stories we tell (especially to our students), not our 'scientific' work.²⁶ When economists talk about real world manifestations of competitiveness it is outside their official scientific model. To blame neoclassical theory for an overemphasis on aggressive, competitive behavior seems mistaken, at least as competition is understood in official theory.²⁷

By contrast, the alternative Austrian theory of competition might appear to be more open to this charge. Hayek and others have consistently pursued the argument that perfectly competitive equilibrium ignores the most important feature of real world competition. In particular, the assumptions of price-taking and perfect knowledge obscure both the reality of real world action and the most important role of competition which is to discover the knowledge about prices and costs which neoclassicism assumes individuals and firms already possess (Hayek 1978). The Austrian view does focus on entrepreneurial behavior such as price competition, advertising, product differentiation, and the like because these are seen as the means by which only partially informed entrepreneurs and firms learn about what consumers want and how best to get it to them.

Whether or not Strober's critique applies might well depend on whose theory of entrepreneurship is being used. On Kirzner's (1973) view, the entrepreneur simply 'notices' profit opportunities already out there and in so doing pushes the market toward equilibrium by reacting to them. This is a fairly passive view of entrepreneurship and it is not all that far from the neoclassical view it purports to criticize. On the other hand, a more Schumpeterian (or even Shacklean) view of the entrepreneur would see him or her as an aggressive force of 'creative destruction'. Rather than passively reacting to existing opportunities, the Schumpeterian entrepreneur destroys previous equilibria in his or her search for new profit opportunities. This conception of the entrepreneur looks more like the one with which Strober finds fault. Again, however, this entrepreneur is utterly absent from mainstream models of perfect competition and general equilibrium.

Despite all this, I would like to argue briefly that feminist economists should seriously consider the way Austrians talk about competition, for two

reasons. First, the Austrian view is that competition is needed as an economic organizing principle precisely because we are not the hyper-rational Cartesian selves postulated by neoclassical theory. In a world of omniscience, we would know all we need to know and the *raison d'être* of competition would disappear. Competition is a social learning process where buyers and sellers are continually forced to adapt to each other's behavior as more and more knowledge is made use of. In many ways, competition is like an ongoing conversation among market actors who are searching for ways to better coordinate their behavior.²⁸

The unique historical circumstances of individual choosers requires some process by which their preferences are coordinated with producers, since those producers are unable to directly access the mental states of buyers. Competition provides such a process and thus enables us to partially overcome the historicity and situatedness of knowledge that feminist economics rightly emphasizes. This point can be seen by analogy. To the extent that feminists believe that the 'objectivity' of science lies in the process, i.e., the rules of the scientific enterprise, rather than the rationality or objectivity of individual scientists, then they might be convinced to see the same process at work in the market. Nelson (1993b: 130) appears to endorse this process-oriented view of science, which suggests that this potential analogy is a fruitful point of conversation for feminist economists and Austrians.

Second, for Austrians, competition and cooperation are two sides of the same coin. Mises made this point in his discussion of human cooperation in *Human Action*. He argues there (1966: 143ff) that the division of labor and economic competition promote social cooperation. In other words, by dividing up labor according to comparative advantage and using the competitive market to determine what should be done and how well it has been done, humans have been able to increase total production and sustain more human lives at progressively higher standards of living. Individual autarky is unproductive, where a division of labor coordinated through market exchange enables us to live better and longer due to the increased productivity that such cooperation engenders.²⁹

For Mises, and Hayek later, the market process is a cooperative one. What the division of labor does is make us interdependent, in that we no longer rely on ourselves for the vast majority of the things we consume. The button producer cooperates with the cotton producer and the dye producer to make a shirt. Although each is 'competing' with other similar producers, the unintended effect of that competition is cooperation. Because this cooperation is both unintended and largely invisible, it is frequently overlooked by critics of market competition. But, it is still there, and the later work of Hayek makes much of the way in which this cooperation is the unintended result of the self-interested behavior of individuals.

Feminist critics of competitive behavior might well respond that the

Hayekian notion of cooperation is not what they are talking about since it is *unintentional* cooperation, rather than the more intentional forms of cooperation they are concerned with. That is certainly true, but begs the question of why the latter is any more important than the former. It is true that both neoclassical and Austrian economists have devoted insufficient time to cooperative enterprises on both sides of the market.³⁰ Nonetheless, feminist economists who are critical of the centrality of competition in modern economics may be guilty of being insufficiently concerned with the way economic institutions promote cooperation in more unintentional ways. As feminist economics begins to break the false dichotomy of the cooperative family versus the competitive market by exploring the conflicts within the family, it should also consider the ways in which market competition unintentionally promotes social cooperation.

CONCLUSION

Given these similarities, the question still remains as to why feminist and Austrian economists tend to differ fairly widely on policy issues. Austrians have almost all subscribed to neoliberal views of one degree or another, while feminist economists have generally been more skeptical of the desirability of markets than the profession at large.³¹ Trying to understand the sources of these differences and exploring the arguments that each side deploys to explicate them are two good directions to go in for future conversations between feminists and Austrians. Austrians may not be familiar with various gender-based critiques of the market, while feminist economists may not be aware of the Austrian arguments about the comparative epistemological advantages of alternative political and economic institutions. Both sides have much to learn from one another.

What does need to be pointed out is that effective feminist criticisms of neoclassical economics likely will not apply to much of Austrian economics. In addition, not only is neoclassicism not the only way to defend neoliberal policy conclusions, I would argue that a number of the major political interventions that have taken place this century have been claimed to be justified by neoclassical economic theory (e.g., antitrust legislation, discretionary macroeconomic policy, the regulation of 'natural' monopolies, development planning, the theory of market socialism, and, more recently, limits on free trade). The fact that both feminists and Austrians are critical of mainstream theory should be evidence enough that neoclassicism can be used in service of a number of ideological positions.

To the extent that some feminist economists see interventionist implications in the feminist theoretical perspective, they ought to consider the Austrian critique of such intervention. If there is to be a serious dialogue between feminists and Austrians, it will have to begin with their common points of criticism. However, *both* groups have to be willing to take the

ensuing conversation in whatever direction it might take, regardless of the ideological implications.

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NOTES

- 1 It is of importance to the cause of a feminist economics that one of the first book-length treatments of the issue (Ferber and Nelson (eds) 1993) was published by the University of Chicago Press, in that it is both a top academic publishing house, and the home of the arch-neoclassicists that are the target of much feminist critical fire.
- 2 With the exception of a brief mention in Don McCloskey's contribution to the Ferber and Nelson collection, I could find no discussion of Austrian economics in the feminist economics literature. For the beginnings of an Austrian perspective on feminist economics, see Vaughn's (1994) review of the Ferber and Nelson collection.
- 3 For two excellent discussions of the relationship between Austrian economic theory and neoliberal policy, see Rizzo (1992) and Boettke (1995).
- 4 An example of this theory-policy link is Sparr (1994: 13), who argues that 'contemporary marginalist neoclassical ... theory ... is rooted in what was considered liberal thought at the time of its development. Thus, it is often referred to as the "neoliberal paradigm".' In her zeal to undermine neoliberal policy, Sparr never considers the numerous ways in which neoclassical economics has been used to justify political intervention in the market.
- 5 Austrians, of all people, should be aware of both the limits of aggregates and the tendency to ignore the very real differences between thinkers who all refer to themselves as members of a particular school.
- 6 Some of the classic contributions on this issue are Merchant (1980), Keller (1985), and Bordo (1987).
- 7 See also Nelson (1992, 1993b) on the specific statements of various institutions of the economics profession.
- 8 Note the gender implications of the rather common view that the natural sciences are 'masculine' while the social ones are 'feminine,' hence economics as 'queen.'
- 9 Of course one can point out that neoclassical agents do not really 'choose.' Rather the utility-maximizing (or profit-maximizing) point is functionally implied by the data. Individuals and firms do not choose it, they simply are there, given the data and the assumption of self-interest.
- 10 See, for example, Folbre and Hartmann (1988), Ferber and Nelson (1993: 6), Nelson (1994), MacDonald (1995), Phipps and Burton (1995).

- 11 Which were banished by Stigler (1947: 24): 'Economic relationships are never perfectly competitive if they involve any personal relationships between economic units.'
- 12 For an overview of this position see Sparr (1994).
- 13 See Menger (1981), Hayek (1952a), as well as the overview by Horwitz (1994b).
- 14 The explicitness of the relationship between early neoclassical economics and late nineteenth-century physics has been brilliantly explored by Mirowski (1989).
- 15 See Jaffe's (1976) important paper demarcating the differences among the marginalist revolutionaries.
- 16 The latter argument is central to Polanyi (1958), which was written just a few years later during a period where he and Hayek were both at the University of Chicago.
- 17 Gary Madison (1989: 176) makes this claim about Hayek's philosophical work: 'In his attack on objectivism and his defense of the "subjective," Hayek anticipates in a surprising way the position later developed by various phenomenological hermeneuticists.'
- 18 For more on Hayek's non-rationalist philosophical underpinnings, see Madison (1989), Prychitko (1990), and Burczak (1994).
- 19 For a sampling, see Hayek (1948, 1967, 1978, and 1988) and Kirzner (1973, 1979, 1985, and 1989).
- 20 On the links between Hayek's epistemology and his theoretical and political arguments, see Butos and Koppl (1993) and Horwitz (1994a).
- 21 On the communicative role of markets see Lavoie (1986) and Horwitz (1992).
- 22 Nelson (1993b: 122) notes that a feminist perspective ought to be able to incorporate empathy, but does not extend that point in her discussions of utility theory (1993c, 1994).
- 23 An excellent overview of these issues can be found in White (1995).
- 24 As Mises (1933) later pointed out, Menger was insufficiently subjectivist on this point by arguing that humans could eventually learn the 'objective' capacity of goods to fulfill needs, evidenced by Menger's category of 'imaginary' goods, which makes little sense from a more radically subjectivist perspective. See also Horwitz (1994b).
- 25 One interesting irony emerging from this point is that the hedonic view of utility is frequently seen as deriving from William Stanley Jevons' version of the marginalist revolution. Jevons (1931: 45, emphasis mine) claimed 'Utility must be considered as measured by, or even as actually identical with, the addition made to a person's *happiness*. It is a convenient name for the aggregate of the favorable balance of *feeling* produced.' The irony is that Jevons' conception of economics as 'the mechanics of utility and self-interest' is used by feminist economists as an exemplar of what's *wrong* with neoclassical economics (see Nelson 1993a: 26, for example). Indeed, Austrians would concur that economics should not be confused with mechanics, but can feminist critics have it both ways? It is also Jevons who wants utility to be a feeling, an argument necessary for the critique based on empathy. One needs an argument that Jevons the mechanist is separable from Jevons the hedonic utilitarian.
- 26 See McCloskey (1985) for more on these differences between economists' official methodology and our real activities.
- 27 On the other hand, some feminist critics want to use neoclassical theory when it is convenient. Strassman (1993a: 57) argues that feminism cannot be said to have been proven wrong due to its failure in the marketplace of ideas, because in that marketplace 'perfect competition does not predominate'. She goes on to list all of the ways in which academic ideas 'markets' differs from the assumptions

needed for perfect competition and the corresponding welfare conclusions. In her mind, this shows why outcomes in intellectual ‘markets’ are less than optimal, and why feminism cannot be declared to have lost out. Once again, the critics want it both ways. If the perfectly competitive model is androcentrically biased, and therefore suspect, why is it a valid tool to use to show supposed market failures in the marketplace of ideas? If this market is somehow flawed, it seems incumbent on feminists to use something other than the androcentric neoclassical theory they attack to show why.

- 28 Hayek (1977: 108) notes that the Greek word for ‘exchange’ also meant ‘to admit into the community’. Entering a conversation is surely one crucial aspect of becoming part of a community.
- 29 Interestingly, in this same section, Mises (1966: 165) also argues against the atomistic, asocial view of humans that many feminist critics claim is adopted both by neoclassical economists and neoliberals: ‘Man appeared on the scene of earthly events as a social being. The isolated asocial man is a fictitious construction.’
- 30 For one Austrian exception see Prychitko (1991).
- 31 The recent work in feminist economics has not been strongly concerned with the implications of feminist theory for policy. Only two of the essays in the Ferber and Nelson (1993) collection make real statements about policy. However, other feminist contributions to economics do drop hints here and there that neoclassicism’s blindness to gender issues might be related to the poor economic status of women and children both in the US and worldwide (see, for example, Strassman 1993a: 63n.18 and Sparr 1994). Strassman’s implication seems to be that neoclassicism’s methodology leads to skepticism about the efficacy of government intervention. The lack of intervention might explain the problems faced by women and children, as economists just view those bad outcomes as optimal outcomes of rational individual choices.

Of course Austrians could agree with feminists about the facts and the argument that such outcomes are not the result of ‘free’ choice in the market process. An Austrian analysis, however, might suggest that some significant degree of the problems faced by underrepresented groups are due to already *existing* state intervention. See Walker (1994).

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