

# Was Carl Menger a Precursor of Karl Popper?

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The proximity of the Austrian School of Economics and Critical Rationalism has often been hinted at, mostly under the perspective of the influence of Friedrich A. von Hayek on Karl Popper and vice versa. On the other hand, one of the main proponents of Austrian Economics, Ludwig von Mises, developed philosophical positions like essentialism and praxeology that were in sharp contrast to those of Critical Rationalism. In this paper, we will investigate to what extent the founder of the Austrian School of Economics, Carl Menger, had ideas which foreshadowed those of Critical Rationalism and of Karl Popper in particular.

We concentrate on similarities and differences between the philosophical positions of the two authors in the following fields:

- (1) *Epistemology and philosophy of science:* Here we show how Popper's fallibilism and rejection of inductivism were already present in the positions Menger took in the Methodenstreit against the younger German Historical School, especially Gustav Schmoller. On the other hand, we question the interpretation by Emil Kauder that the Methodenstreit was in principle about Platonic versus Aristotelian philosophical foundations for economics.
- (2) *Political philosophy:* We examine Menger's lectures to the Habsburg Crown Prince Rudolph and some of his minor articles dealing with economic policy problems to show that he can be characterized as a social liberal similar to the Popper of The Open Society. His rejection of utopianism and holism in politics closely corresponds to Popper's proposal of piecemeal engineering as strategy for improving a society.
- (3) *Methodology of the social sciences:* It is here where we find the most important coincidence in the thoughts of Carl Menger and Karl Popper. Both were committed to (in the terminology of Joseph A. Schumpeter) Methodological Individualism, a methodology rejecting the holistic conceptions of some German idealists and starting explanations from the choices of the individual agents in economics and social science in general. Menger can even be regarded as one of the founders of this methodology, although it was more or less present already in works by Classical economists, e.g. Adam Smith. We show that Menger's concept of an "organic" method (a somewhat misleading expression) is very close to Poppers idea of "situational analysis".

We argue that the central methodological idea of Carl Menger was the emphasis on the unplanned social results of individually rational behaviour and the emergence of (rational or irrational) social results from interaction instead of from social design. This idea is less explicit

in the philosophy of Critical Rationalism but deserves strong support by philosophers of this persuasion as it is basic to Popper's methodological, political and social science positions and can be regarded as one of the unifying principles of his philosophy. Its implications for ethics will be briefly sketched.