

Wednesday, 11 June 2025

**Barter with oneself**  
*An action theoretic approach*

Abstract

In the final days of a recent presidential administration, rumours circulated about a shocking possibility. Might the outgoing president *pardon* himself? Although these rumours proved to be unfounded, they raised a profound question: What can, and what cannot, one do to *oneself*, and what can, and what cannot, one do to *others*? This deceptively simple question refers us to the *philosophy of relations*. Recall that, from a philosophical standpoint, relations can have various properties. The relation of identity, for example, is an equivalence relation. It is *symmetric*, *reflexive* and *transitive*. However, these seemingly innocuous properties harbour unexpected complexity. For, as we shall see in this talk, applying the philosophy of relations to historical debates in economics can provide insight into the foundations of economic thought. But let me explain.

Central to the line of enquiry that I will present is the debate concerning *economic calculation under socialism*. This debate reveals a nuanced yet pivotal rift between two of the most prominent figures in the *Austrian School of Economics*: *Ludwig von Mises* and *Friedrich von Hayek*. Mises claimed that economic calculation within a socialist framework was a logical impossibility, akin to the absurdity of engaging in barter with oneself. This assertion clearly draws on an understanding of the *irreflexivity* of barter, surpassing even the absurdity of self-pardon. In contrast, Hayek emphasised an *asymmetry*: Even if everything that could be known were known by someone, it would not follow that someone would grasp it all. This divergence illustrates how philosophical tenets have influenced the Austrian School's contributions to economic discourse. Once a dominant force in economic scholarship, the Austrian School now occupies a more peripheral position. Nevertheless, its insights remain vital for understanding the limitations of centralised planning and the nature of knowledge in markets.

This talk will explain why Mises considered the shortcomings of socialism to be a logical impossibility in the strongest sense, while Hayek offered a more pragmatic perspective. However, this exploration transcends the boundaries of economic theory, essentially drawing on logic and methodology to revisit a historic debate. Whether you are an economist, a philosopher or someone who is simply intrigued by the intersection of ideas, this lecture invites you to view economic matters through the distinct lens of the Austrian School—a perspective that remains vital despite the School's marginalisation.