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# Sociologia

Direttore  
Andrea Bixio

Rivista Quadrimestrale di Scienze Storiche e Sociali

Anno XLIX n. 2 • 2015

*Virtuosità e corruzione dell'individualismo*

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**Peter J. Boettke, Rosolino A. Candela**

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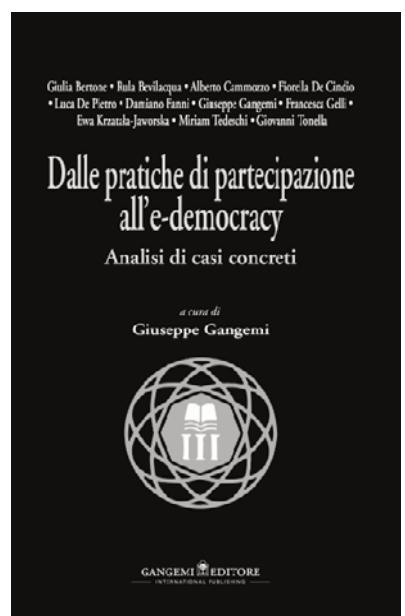
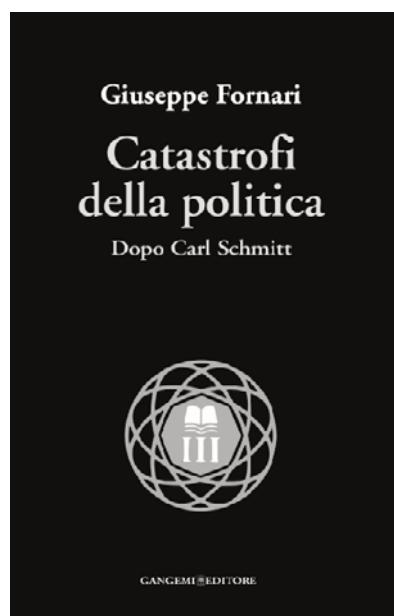
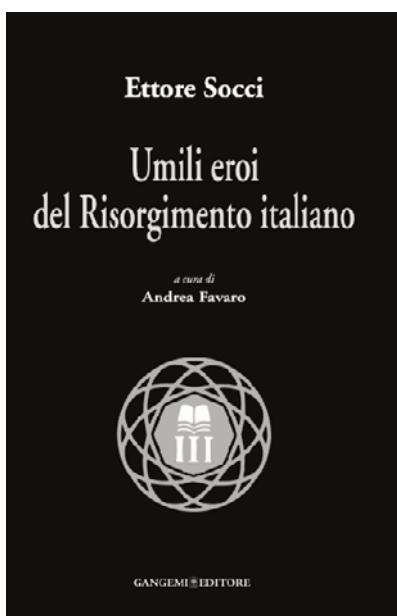
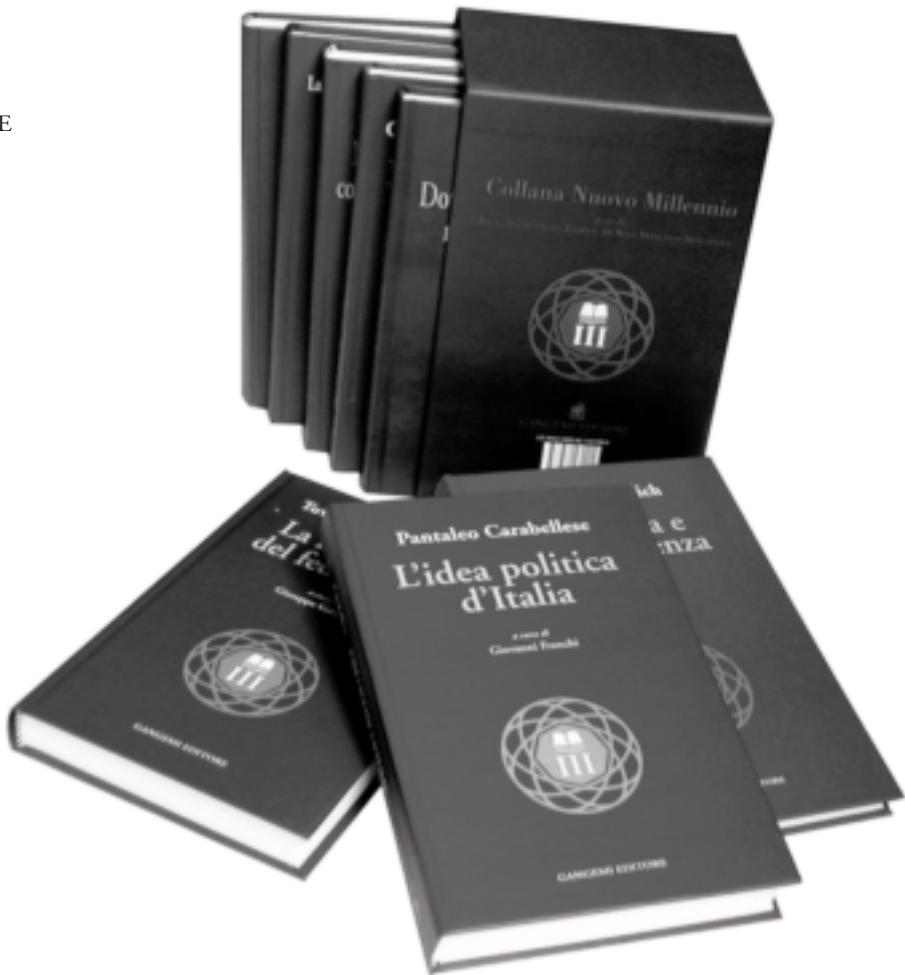
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# Sociologia

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*Virtuosità e corruzione dell'individualismo*

ANDREA BIXIO

## *Corruzione e rinascita dell'individualismo: l'individualismo metodologico*

In questo numero si è cercato di svolgere una approfondita riflessione su una delle più rilevanti prospettive delle moderne scienze sociali, quella che va sotto il nome di individualismo metodologico. Una prospettiva, questa, che in certo modo si fonda su un punto di vista che potremmo dire costitutivo della società moderna ed indicativo anche per altri tipi di società.

La sensibilità di chi scrive queste poche parole di introduzione verso questo tipo di impostazione culturale costituisce qualcosa che si basa su sedimenti ben solidi. Essa si è formata nella lunga frequentazione con i maggiori esponenti di questa corrente; esponenti di grande profondità culturale e teorica con i quali si è nel corso degli anni sviluppata anche una sincera amicizia.

In un incontro con Raffaele De Mucci nacque l'idea di promuovere un numero con la collaborazione di insigni studiosi. Ne fui particolarmente felice, perché mi dava la possibilità di realizzare un progetto da tanto tempo pensato anche con i cari amici Dario Antiseri e Lorenzo Infantino. Dunque, ci mettemmo all'opera ed in breve tempo, grazie alla cortesia dei colleghi, abbiamo potuto realizzare quanto desiderato.

Prima di dare la parola agli autori di questo numero, proprio al fine di sottolineare la rilevanza teorica di questo tipo di individualismo, vorrei svolgere una breve considerazione.

Essa riguarda il modo con il quale si è guardato all'azione nel pensiero moderno.

Da quest'ultimo l'azione, a differenza che nel mondo classico, è stata intesa quasi sempre non come un effetto del nostro essere, ma come la nostra stessa struttura costituiva. In certo qual modo noi siamo la nostra azione.

Nella nostra tradizione più risalente, invece, quella è stata per lo più considerata non il nostro essere, ma semmai la conseguenza, l'effetto di esso.

L'azione è stata quasi sempre vista come un nostro prodotto. Non a caso, nella filosofia greca il prodotto è ciò che non ha in sé, ma ha in altro la propria causa, la ragione del proprio essere, la base, la sostanza da cui dipende.

In un mondo sostanzialista prima viene ciò che è stabile e solo in seguito viene ciò che è mutevole come il prodotto. Perciò la nostra autonomia in una tale prospettiva si fonda sul fatto di considerarci come qualcosa che ha in se stesso le ragioni e le condizioni del proprio essere; fondamento reale della nostra autonomia, della possibi-

lità effettiva di poter dare a noi stessi una nostra norma.

È facilmente intuibile che in una società funzionalizzata basata sul dissolvimento delle dimensioni sostanziali si cerchi di eliminare questa centralità della sostanza per sostituirvi ciò che è mutevole; appunto l'azione con il suo primato.

In questo contesto noi non siamo, se non nelle nostre azioni. E poiché l'azione è sempre diretta all'esterno, possiamo ben comprendere, perché finiamo per considerarci solo come un momento del processo di svolgimento del gioco delle azioni, ovvero dell'interazione e più specificamente dell'azione sociale.

L'azione oggi può venir colta principalmente solamente come processo di collegamento costante delle azioni, processo di trasformazione reciproca dei vari tipi di agire che consenta il più armonico collegamento possibile fra le varie azioni.

In questa prospettiva appare nel modo più chiaro, perché la moderna concezione dell'azione non possa che essere fondamentalmente 'sociologica'; perché l'individualismo metodologico abbia dato il maggiore contributo per intendere le ragioni del ribaltamento che si è verificato con la società moderna.

L'antisostanzialismo del pensiero e della sociologia moderna deriva dal tentativo di opporsi a precedenti forme sociali sostanzialiste; esso, però, è andato al di là del lecito rifiutandosi di pensare il ruolo che le dimensioni sostanziali giocano nel nostro mondo sociale ed ha finito per ridurre la sociologia ad un qualcosa di fortemente ideologico. Per questo è necessario distinguere all'interno dell'individualismo (spesso sostanzialista), per questo è assolutamente importante ripercorrere l'itinerario dell'individualismo metodologico.

All'individualismo volgare ci si deve opporre; proprio per non ritornare a forme sociali superate, ma per rivalutare aspetti della nostra vita che non possono essere soppressi e la cui eliminazione artificiale ha dato luogo a quel senso di inutilità di noi stessi, di irrilevanza, che produce il sentimento moderno per eccellenza, l'angoscia; uno stato esistenziale ben descritto da Kierkegaard proprio negli anni del primo affermarsi dell'ideologia contemporanea.

In quale direzione cercare una via, dunque, se non in quella dettata dalla prospettiva sulla quale, qui, intendiamo riflettere? Non ci avviciniamo in questo modo ad una interpretazione più raffinata degli aspetti più rilevanti del nostro vivere sociale?

PETER J. BOETTKE\*, ROSOLINO A. CANDELA\*\*

## *What is Old Should Be New Again: Methodological Individualism, Institutional Analysis and Spontaneous Order*

**Abstract – What is Old Should Be New Again: Methodological Individualism, Institutional Analysis and Spontaneous Order**  
In this paper we revisit the case for methodological individualism for the positive analysis of political economy. We argue that the basis of methodological individualism implies neither a necessary commitment to atomistic reductionism in explaining social phenomena nor philosophical individualism resulting in a *laissez-faire* policy. The point of engaging in spontaneous order analysis on methodologically individualist grounds is not to make precise predictions per se, but instead to render the purposive actions of individuals and the meaning of such actions intelligible. Once individuals can be understood as purposive actors whose social interactions generate patterns of institutions, such as language, money and law, which coordinate their self-interest, then the mystery of how self-interest coincides with social cooperation under the division of labor, i.e. Paris getting fed, can be understood through the consistent and persistent application of the economic way of thinking.

*It is uncontested that in the sphere of human action social entities have real existence. Nobody ventures to deny that nations, states, municipalities, parties, religious communities, are real factors determining the course of human events. Methodological Individualism, far from contesting the significance of such collective wholes, considers it as one of its main tasks to describe and to analyze their becoming and their disappearing, their changing structures, and their operation.*

Ludwig von Mises [2007 (1949), 42]

*It is a mistake, to which careless expressions by social scientists often give countenance, to believe that their aim is to explain conscious action. This, if it can be done at all, is a different task, the task of psychology. For the social sciences the types of conscious action are data and all they have to do with regard to these data is to arrange them in such orderly fashion that they can be effectively used for their task. The problems which they try to answer arise only in so far as the conscious action of many men produced undersigned results, in so far as regularities are observed which are not the result of anybody's design. If social phenomena showed no order except in so far as they were consciously designed, there would indeed be no room for theoretical sciences of society.*

Friedrich Hayek [1979 (1952), 68-69]

### *Introduction*

The fundamental question of the social sciences is the following: what is the relationship between individuals, collective entities, and social order? How is it that individuals, while always being a product of social evolution, attribute separate purposes and meaning to their actions,

which result in the generation of patterns of unintended outcomes that constitute such social evolution as well? Behind such inquiry, methodological questions about “what should economists do” (Buchanan 1964) are important because different methodological presuppositions yield not only different questions about political economy, but also result in different answers relevant for public policy.

In this paper we revisit the case for methodological individualism for the positive analysis of political economy. The principle of methodological individualism is based on the premise that individual human agency is the basic unit of analysis for explaining social phenomena. We argue that the basis of methodological individualism implies neither a necessary commitment to atomistic reductionism in explaining social phenomena nor philosophical individualism resulting in a *laissez-faire* policy. The point of engaging in spontaneous order analysis on methodologically individualist grounds is not to make precise predictions per se, but instead to render the purposive actions of individuals and the meaning of such actions intelligible. Once individuals can be understood as purposive actors whose social interactions generate patterns of institutions, such as language, money and law, which coordinate their self-interest, then the mystery of how self-interest coincides with social cooperation under the division of labor, i.e. Paris getting fed, can be understood through the consistent and persistent application of the economic way of thinking.

This paper proceeds as follows. Section II analyzes the recurrent themes that had been emphasized by the classical economists of the 18<sup>th</sup> and 19<sup>th</sup> centuries, namely the behavioral postulate of self-interest, the role of institutions in channeling self-interest to promoting social cooperation under the division of labor, and the analysis of spontaneous order that emerges as an outcome of self-interest filtered through alternative institutional arrangements. Section III outlines the critiques of the

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behavioral and methodological assumptions of classical political economy, such as rational choice and methodological individualism, which had begun in the late 19<sup>th</sup> century and has continued throughout the 20<sup>th</sup> century. Against this backdrop, a revival of institutional and spontaneous order analysis led to a counter-revolution in economics with the development of New Institutional Economics, Public Choice, and development of modern Austrian economics during the latter half of the 20<sup>th</sup> century.

Section IV illustrates how methodological individualism, institutional theory, and spontaneous order analysis are relevant for contemporary political economy. What we emphasize in this section is how different methodological presuppositions yield not only different questions about political economy, but also different answers relevant for public policy. The methodology employed by the social scientist puts parameters on his inquiry to find not only relevant questions for understanding social phenomena, but also to utilize a theoretical framework that illustrates answers that are relevant for answering such questions. Section V concludes with implications for future research.

## II. What is Old to Economics?

Writing his foreword to Israel Kirzner's *The Economic Point of View*, Ludwig von Mises describes the history of economic thought as a march "from a science of wealth to a science of human action" (2009: xxv). Economics had begun in the 18<sup>th</sup> and 19<sup>th</sup> centuries as science of wealth, in which the main inquiry among economists, such as David Hume, Adam Smith, and John Stuart Mill, as well as sociologists such as Max Weber, was why some nations are rich while some nations are poor. Fundamentally, their inquiry was about how the market process reconciles self-interest with social order, and the answer they provided rested on a specific set of institutions, namely private property, freedom of contract, and the rule of law. As Smith [2009 (1759), 322] stated in his lecture notes that eventually were developed in *The Wealth of Nations*: "Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things."

Building on the principle of methodological individualism, economists both old and new have strived to understand two fundamental observations of society: (1) how individuals striving to do the best given their particular situation generate (2) social cooperation under the division of labor, which was of no individual's design. The theoretical reconciliation of self-interest with the public interest is achieved by economists through institutional analysis. Without clearly defined and enforced property rights to incentivize decision-makers, the array of relative prices to guide decision-makers, and profit and loss accounting to lure investment and discipline decisions such a reconciliation could not be achieved. The role of market institutions is not only to provide the incentives to channel agent rationality towards productive purposes, but also to marshal and utilize the tacit and dispersed knowledge of rational human interaction for the emergence of institutions, such as money prices, that guide future human action. The role of the price system is to guide production and consumption with a tendency towards allocatively efficient equilibrium. Departures or movements away from equilibrium will generate profit opportunities, the exploitation of which set in motion competitive forces that will reequilibrate the system (Boettke 2008, 5).

Adam Smith's argument for the invisible-hand of the market economy depended neither upon any heroic behavioral assumption about benevolence nor omniscience; rather, it depended on 1) taking self-interest as given; 2) analyzing how self-interest manifested itself in a diversity of contexts; and 3) how in particular the institutions of private property and the competitive price system work to realize the gains from productive specialization and peaceful cooperation among free individuals (Boettke 2012, 7). But it is important to realize that Adam Smith's theory of the market order was only one instance of the broader case of methodological individualism and invisible-hand theorizing. Not all emergent properties from individual choice and interaction result in socially desirable outcomes. Rational choice, the postulate that individuals strive to do their best to pursue a particular end given their particular situation, is a necessary, though not a sufficient condition for explaining the emergence of economic and social phenomena, such as prices, language, and law.<sup>1</sup> A fuller explanation of the emergent patterns requires the rational choice postulate and a specification of the institutional context within which choices and exchanges take place.

<sup>1</sup> Adam Smith's *Wealth of Nations* also has numerous examples in which the pursuit of self-interest can actually lead to socially undesirable outcomes. He certainly does not show that the pursuit of self-interest will always or automatically translate into public benefits. For example, Smith provides a comparative institutional analysis of teaching at the University of Oxford and at the University of Glasgow. In both universities, the teachers are pursuing their self-interest in a manner that is rational, given the institutional context, but such rationality manifests itself differently given the rules of the game at each university. As Smith states, "In every profession, the exertion of the greater part of those who exercise it, is always in proportion to the necessity they are under of making that exertion. This necessity is greatest with those to whom the emoluments of their profession are the only source from which they expect their fortune, or even their ordinary revenue and subsistence" [1981 (1776), 759]. As this quote indicates, the quality of teaching depends upon how their income is earned. At Oxford, because the university's endowment guaranteed the teacher's salary, regardless of the quality of instruction, "the greater part of the publick professors have, for these many years, given up altogether the pretence of teaching" [1981 (1776), 761]. However, at Glasgow, because the professors earned their income directly from fees paid by the students, the professors had a strong incentive to provide instruction that was valued by the students.

To engage in rational human action does not imply that individuals do not make errors. Making mistakes with regards to the choice of means for the fulfillment of a particular end is ubiquitous to the human condition. However, “error, efficiency, and failure must not be confused with irrationality. He who shoots wants, as a rule, to hit the mark. If he misses it, he is not ‘irrational’; he is a poor marksman” [Mises 2007 (1957), 178].<sup>2</sup> However, the relationship between agent rationality and the institutions within which such rationality manifests itself has remained under critique both within and outside economics. These criticisms have been based on the characterization of the rational individual under the misnomer of *homo economicus*: the self-interested, materialistic, maximizing automaton endowed with perfect information.

For classical economists such as Smith, however, *whether or not a market economy is self-regulating does not depend on a behaviorally-contingent argument, but an institutionally contingent argument*. The manner in which rationality, or self-interest, manifests itself as social cooperation or social conflict will depend upon the institutional context within which it operates. It is worth quoting Hayek at length on this point about the relationship between self-interest and institutions in Smith’s framework:

Perhaps the best illustration of the current misperceptions of the individualism of Adam Smith and his group is the common belief that they had invented the bogey of “economic man” and that their conclusions are vitiated by their assumption of a strictly rational behavior or generally by a false rationalistic psychology. They were, of course, very far from assuming anything of the kind. It would nearer to the truth to say that in their view was by nature lazy and indolent, improvident and wasteful, and that it was only by the force of circumstances that he could be made to behave economically or carefully to adjust his means to his ends... The main point about which there can be little doubt is that Smith’s chief concern was not so much with what man might occasionally achieve when he was at his best but that he should have as little opportunity as possible to do harm when he was at his worst. It would be scarcely too much to claim that the main merit of the individualism which he and his contemporaries advocated is that it is a system under which bad men can do least harm. It is a social system which does not depend for its functioning on our finding good men for running it, or on all men becoming better than they now are, but which makes use of men in all their given variety and complexity, sometimes good and sometimes bad, sometimes intelligent and more often stupid (1948, 11-12).

The presumption of classical political economy was a positive analysis of imperfect actors in an imperfect world nevertheless being guided in a reasonable manner by the institution of private property and freedom of

contract. Unlike the atomistic conception of methodological individualism attributed to neoclassical economics, the source of wealth in Smith’s account was man’s propensity to truck, barter and exchange and the greater productive capacity that emerged due to the expansion of the division of labor. The division of labor, Smith wrote, was limited by the extent of the market, and he also wrote that the greatest material improvement to the welfare of mankind were due to the division of labor. Specialization and exchange go hand in hand, and the institutional framework in operation either deters such a development or encourages it. Those countries that make the transition from poor to rich are those that make the transition from subsistence to exchange. This “main-line” of economics stressed the unique equilibrating processes at work via an institutional filter within which the self-interest of individual actors manifested into a spontaneous market order. Adam Smith’s expression of spontaneous order was that of the “invisible hand,” describing how individuals are led to promote the public welfare when no such end was intended by the self-interested actors constitutive of society.

Following in the tradition of Adam Smith, political economist Frédéric Bastiat recognized that there is an inherent logic for the institutions of the market process to filter through two patterns of economic phenomena: those that are seen and those that are unseen. For Bastiat what distinguishes the good economist from the bad economist was their ability to account for how different institutional arrangements structure the cost and benefits of individual decision-making. As Bastiat states:

Between a good economist and a bad economist this constitutes the whole difference – the one takes account of the visible effect; the other takes account of both of the effects which are seen and also of those which it is necessary to foresee. Now this difference is enormous, for it almost always happens that when the immediate consequence is favorable, the ultimate consequences are fatal, and the converse. Hence it follows that the bad economist pursues a small present good, which will be followed by a great evil to come, while the true economist pursues a great good to come, at the risk of a small present evil [Bastiat 2011 (1850), 1].

What this quote also captures is that the logic of the democratic political process, unlike the market process, generates unintended, equilibrating processes that concentrate benefits on the few and well-organized and disperses costs on the many and ill-organized. In both cases, self-interest is given, but different institutional arrangements filter out different manifestations of self-interest by generating different patterns of outcomes.

Let us consider Bastiat’s classic satirical pamphlet on the petition of the candlestick makers for legislation to protect them from unfair competition of the sun as an illustration the relationship between self-interest, institu-

<sup>2</sup> As Mises [2007 (1949), 37] also states, “the concept of action does not imply that the action is guided by a correct theory and a technology promising success and that it attains the end aimed at. It only implies that the performer of the action believes that the means applied will produce the desired effect.”

tional filtering processes, and spontaneous order. [Bastiat 2011 [1845], 227-232]. Before lobbying for a monopoly privilege over the production of light against competition from the sun, it was in the self-interest of candlestick makers to offer consumers goods and services that they most valued, resulting in an unintended consequence of wealth creation.

Operating under the same behavioral postulate, however, when the same candlestick makers discover the opportunity to organize themselves and lobby the legislature for a monopoly privilege over the production of light, the candlestick makers were committing their time, knowledge, and resources not to creating additional wealth in form of goods and services most valued by the consumer, but in transferring wealth and expending it to resist other competitors, namely the sun, from capturing their monopoly privilege. In both instances, the behavioral symmetry of the candlestick makers in the economic and political sphere led them to engage in profit-seeking, but the institutional context within which they operated generated alternative patterns of behavioral outcomes, one that resulted in wealth creation and the other in wealth destruction. Although Bastiat's humorous illustration of the petitioning candle makers was simply an application of Smith's invisible-hand reasoning, what had been part of the economic way of thinking had to be rediscovered as the concept well-known to economists today as rent-seeking [Tullock 1967]. In essence, what was old to economics had to be made new again against the critiques of old institutionalists, behaviorists, and other social scientists outside of economics.

Common amongst the classical economists, including Smith and Bastiat, was the direct effect of international trade in generated wealth. However, more important than the economic effects of trade, as emphasized by the economists such as John Stuart Mill, was the indirect effect in which trade and specialization under the division of labor generates peace. It is in the self-interest to acquire goods and services either through theft, pillage, and plunder, or through truck, barter, or exchange. The movement from subsistence to exchange increases the incentive for the individual to specialize in the production of a particular good and service, and exchanging the surplus of those goods to his or her trading partners. With a greater the degree of specialization and the division of labor, the costs to each trading partner of engaging in conflict must increase, as they must forgo the ability to specialize through which they are able to acquire a greater variety and quality of goods and services.

Moreover, trade indirectly promotes peace through the exchange of customs, languages, and ideas. By engaging in exchange, individuals who may originally have been strangers have a greater incentive not only to tolerate each other's customs and culture, but also adopt those that, on the margin, signal greater trustworthiness and good-will toward each other to reinforce trade relations. Indeed, in describing the science of the market order, Mises and Hayek adopt the word "cattalactics," which is derived from the Greek verb *kattalattein*, which means not only "to exchange", but also "to admit into

the community" or "to change enemy into friend" [Hayek 1976, 108]. Thus, individuals having a direct incentive to obtain greater wealth through exchange unintentionally produce a public good, namely peace. John Stuart Mill states this point best:

But the economical advantages of commerce are surpassed in importance by those of its effects which are intellectual and moral. It is hardly possible to overrate the value, in the present low state of human improvement, of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar. Commerce is now what war once was, the principal source of this contact. Commercial adventurers from more advanced countries have generally been the first civilizers of barbarians. And commerce is the purpose of the far greater part of the communication which takes place between civilized nations. Such communication has always been, and is peculiarly in the present age, one of the primary sources of progress [2004 (1848), 543].

### III. What is "New" to Economics?: Behavioral Criticisms and Renewed Emphasis on Institutions

In this section, we argue that old concepts in the "mainline" of economics, namely the behavioral symmetry of rational actors in the economic and political sphere and the institutional context that generates alternative patterns of outcomes, became lost by "mainstream" deviations from the "mainline" in the 20<sup>th</sup> century. For example, what had been considered the "old" orthodoxy among the classical political economists that had to be rediscovered as "new" was to assume behavioral symmetry amongst individuals both in the politics and markets, that individuals were no less governed by their private interest in the political sector than in the market sector. As David Hume states:

Political writers have established it as a maxim, that, in contriving any system of government, and fixing the several checks and controuls of the constitution, every man ought to be supposed a knave, and to have no other end, in all his actions, than private interest. By this interest we must govern him, and, by means of it, make him, notwithstanding his insatiable avarice and ambition, co-operate to public good. Without this, say they, we shall in vain boast of the advantages of any constitution, and shall find, in the end, that we have no security for our liberties or possession, except for the good-will of our rulers; that is, we shall have no security at all [italics orginal, 1987 (1777), 42].

In the early 20<sup>th</sup> century, what shifted was the analytic weight of argumentation from the institutional component of theory to its behavioral assumptions, neglecting not only the former but also neglecting the emphasis on the institutional environment which was critical to classic invisible-hand theorizing for explaining how individual self-interest and the public interest can be reconciled. The overemphasis on behavioral explanations,

particularly for mathematical tractability, not only crowded out the scope of inquiry that characterized 19<sup>th</sup> political economy, but also reduced the explanatory power of economics to formalistic propositions about equilibrium analysis. The striving for an institutionally anti-septic theory pushed into the background the sort of comparative institutional analysis that was the hallmark of the great classical political economists of the 18<sup>th</sup> and 19<sup>th</sup> century, and early neoclassical economists of the late 19<sup>th</sup> and early 20<sup>th</sup> century. It was the rebirth of political economy in the post-WWII era that “rediscovered” the importance of methodological individualism, invisible-hand theorizing, and institutional analysis that reopened the scope of inquiry applicable to economics.

### III. 1. The Case against Methodological Individualism

As economics progressed from a science of wealth to a science of human action, Kirzner elaborates that this expansion of the definition of economics “embraces an entire and unique epistemology of the branches of knowledge commonly subsumed under the cultural and social sciences” [2009, 151]. However, since the birth of political economy in the 18<sup>th</sup> century, the principle of methodological individualism has been criticized, mainly on two grounds.

First, opponents of methodological individualism conflate methodological individualism with philosophical individualism; the former cannot be separated from ethical or political defenses of liberalism. For example, one of the criticisms made against the Austrian economist Carl Menger, namely by the economists of German Historical School during the *Methodenstreit*, particularly Gustav Schmoller, was that Menger’s case for methodological individualism was tainted by what they dubbed as “Manchesterism,” referring to “the self-interested enthusiasm for free trade exhibited by the manufacturing class of Manchester and other industrial cities,” implying that Menger’s case for the market economy was based on a defense of *laissez-faire* policy advocated by specific class interests in Britain, “rather than the universal principle portrayed in classical British political economy” [Caldwell 2004, 37 fn.15].

Secondly, advocates of methodological holism argue that methodological individualism implies a necessary commitment to atomistic reductionism, one that does not recognize that society constitutes collective entities that are irreducible to individual human action. List and Spiekermann [2013, 631] focus on three motivations for “nonindividualistic explanations,” including methodological holism. First, throughout the social sciences, including economics, an “institutional turn” of analysis has taken place, one in which institutions are “seen by many not only as *explananda* (or dependent variables, which are to be explained) but also as *explanantia* (or independent variables, which play some explanatory role). Second, a renewed interest in the ontology of collective entities has led scholars to claim that though “phenomena such as collective intentions, social norms, conventions, institutions, and group agency are ultimately brought about by individuals attitudes and actions, many

doubt that these phenomena are fully *explicable* in terms of individual attitudes and actions alone”. Third, methodological holists contend that “a reduction of social explanations to the individual level, while perhaps logically possible, is not possible in practice” [2013, 631].

These criticisms levelled against methodological individualism are valid, but only in so far as it pertains to the atomistic form of neoclassical economics. They do not pertain to the Austrian case for methodological individualism, which is not only clearly distinguished from both pure atomism and pure holism [Evans 2010, 9]; such a methodological position is also insulated from making any policy conclusions in terms of normative political preferences, such as liberalism. “Austrian economics is first and foremost a way of thinking, and only secondarily a set of conclusions” [Boettke 2001, 11].

The Austrian’s methodological individualism is characterized by radical subjectivism, a principle acknowledging “that the fact of the social sciences are the opinions and beliefs that individuals attach to their environments” [Storr 2010, 31]. Radical subjectivism requires that we refer to the purposes, plans, and meanings of an individual’s actions when attempting to explain and understand their behavior. To say that the facts of the social sciences are what individuals believe means that “Austrians do not deny that acculturation determines much of the individuals preferences” [Boettke 1989, 76]. Rather, the Austrian form of methodological individualism acknowledges the interplay between institutional analysis and human action, one that straddles between the purely holist position that human behavior is a function of irreducible institutional frameworks and the purely atomistic position in which patterns of social outcomes are merely objects of an individual’s intentions or beliefs. “Only by starting with the ‘solipsistic (but not atomized individuals and recognizing the social, intersubjective links that shape them and that they reshape can we work our way out to a realistic understanding of the origin and function of social institutions” [Boettke 1995, 29].

In order to understand this Austrian middle ground, let us take the role of the price system of system in guiding human action. Relative prices, or what Austrian economist Stephen Miller [2010] refers to as “the ultimate heuristic,” a mental shortcut that allows market actors to overcome their cognitive limitations by providing information “of a unique kind: information entangled with incentives.” However, as a heuristic, prices cannot convey all of the potentially relevant knowledge, which is always dispersed throughout society. Therefore, these price movements “must be interpreted by individual economic actors who appraise their meaning within a specific economic context,” [italics original, Boettke 1995, 29] which embodies knowledge of the particular circumstances of time and place.

Hayek described the “marvel” of the price system in generating equilibrating processes. For example, if the relative price of a particular commodity increases, although almost no one in society knows whether or not the price increase reflects a decrease in supply or an increase in de-

Figure 1 – The Theoretical Framework of Political Economy.

	Social Disorder	Social Order
<i>Simple Problem Situation and Atomistic model of Social Interaction</i>	Marxism	Neoclassical Economics
<i>Complex Problem Situation and Non-Atomistic Social Interaction</i>	Keynesianism/ Market Failure	Classical Political Economy/ New Institutional Economics/ Austrian Economics / Public Choice

mand of the commodity. However, the increased scarcity of the commodity not only signals to individuals to economize on the consumption of such an activity, as a result of consumers bidding away the commodity to higher-valued uses, but also incentivizes the individual pursuit the pure profit opportunity of discovering additional supply of the commodity. Such a competitive process spontaneously generates the formation of new prices resulting from producers bringing additional supply to market and driving back down the price of the commodity. As Hayek states:

I am convinced that if it were the result of deliberate human design, and if the people guided by the price changes understood that their decisions have significance far beyond their immediate aim, this mechanism would have been acclaimed as one of the greatest triumphs of the human mind [1945, 527]

Moreover, the Austrian case for methodological individualism does not necessitate a case for ethical or political liberalism. The Austrian emphasis on *wertfreiheit*, or value-freedom, employs a means-logic in assessing human action, one that is “perfectly neutral with regards to all judgements of value, as it refers always to means and never to the choice of ultimate ends” [Mises 2007 (1949), 885]. For example, the critique that Mises and Hayek made against socialism employed *wertfreiheit*. Given that the ends of the socialist central planners were to eliminate poverty and outperform the capitalist system in delivering material well-being, the Mises-Hayek critique did not engage in any value judgements of these ends. Rather, they provided an immanent critique of the means advocated by the socialists in achieving such ends, namely the abolition of private property and the substitution of a rational and unified plan for the anarchy of the market. They argued that without private property in the means of production, exchange and the emergence of money prices would not emerge to provide the decentralized, contextual knowledge necessary for the eco-

nomic calculation of the relative scarcity of the means of production. The means to be employed by the socialists were inconsistent with the ends sought, resulting in the unintended consequences of economic poverty and political tyranny. Mises and Hayek’s critique of socialism was an analytic argument about the failure of socialism, independent of the political preferences of either Mises or Hayek [Boettke 2001, 17-18].

### III.2. The Rebirth of Political Economy and The Reemphasis on Invisible-Hand Explanations<sup>3</sup>

The arguments that we have put forth thus far, and the arguments that will be made in the following sections, can be summarized above in Figure 1.

The analysis in Section II pertained to classical political economy, in which the logic of rational choice filtered through an institutional context of private property and freedom of contract generated patterns of social order. Such social order included the emergence of institutions and other collective entities that were of a result of human action, though not of human design.

Unlike the classical economists sitting in the seat of Adam Smith, “who placed greater emphasis on the long-run harmony of the market, on the eventual elimination of pure profit, on the order and regularity that market processes tend to engender, Marx stressed the continuous short-run discoordination that no market institutions can ever, by their very nature, entirely eliminate” [Lavoie 1985, 36]. Marx saw the institutions of the market economy, namely private property, as resulting in the alienation of individuals not only in their decision-making, but also in simple interaction between each other. For Marx, alienation between producers was the source of discoordination persistent in markets, manifested itself as social disorder in the form of chronic unemployment, business cycles, and waste generated from production for exchange rather than for direct use. Like the classical economists, Marx argued the unintended consequences

<sup>3</sup> An argument can be made that the mainspring of the rebirth of political economy post-WWII can be traced back Mises’s argument regarding the impossibility of economic calculation under socialism. As the main contribution of 20<sup>th</sup> century Austrian economics to the discipline of political economy, Mises’s argument against socialism has been recognized by the 2006 Nobel Laureate in Economics, Edmund Phelps, who credits Mises’s insights as “the originator of *property rights theory*” [2013, 123], which has been developed into the branch of New Institutional Economics pioneered by the late Armen Alchian, Harold Demsetz, and Nobel Laureates Elinor Ostrom and Oliver Williamson. Furthermore, Phelps also credits Mises as “the originator of public choice theory,” [2013, 124] which had been developed by Nobel Laureate James Buchanan and Gordon Tullock.

of the market process, namely social disorder, were based fundamentally on an institutional explanation, not a behavioral explanation per se.

Unlike the preceding arguments, neoclassical economists as well Keynesians and market-failure theorists have made their case for social order and social disorder, respectively, on different behavioral assumptions about the rational choice postulate. According to neoclassical theory, for invisible-hand explanations to generate beneficial outcomes, economic agents must be fully rational, fully informed, and markets must be perfectly competitive – characterized by costless entry and exit, an infinite numbers of buyers and sellers, and homogenous products. These conditions, which generate the familiar efficiency conditions of neoclassical theory, assure coordination of private and public interest. However, as Keynes writes in *The End of Laissez Faire*:

Let us clear from the ground the metaphysical or general principles upon which, from time to time, *laissez-faire* has been founded. It is *not* true that individuals possess a prescriptive ‘natural liberty’ in their economic activities. There is *no* ‘compact’ conferring perpetual rights on those who Have or on those who Acquire. The world is *not* so governed from above that private and social interest always coincide. It is *not* so managed here below that in practice they coincide. It is *not* a correct deduction from the principles of economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest generally *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does *not* show that individuals, when they make up a social unit, are always less clear-sighted than when they act separately [1978 (1926), 287–288].

Keynes’ main argument against *laissez-faire* was based on the behavioral assumptions of rational individuals, neglecting the role of institutions in the mutual coordination of diverse ends amongst such individuals.

Moreover, the presumption of “market-failure” emphasized the departures of real-world markets from those described by the models of economic theory. Political economists acknowledged a coherency in the ‘invisible-hand’ logic of the market process, but maintained that such logic holds only under extremely restrictive assumptions about human behavior and market structure. Thus the invisible-hand logic of a self-regulating market economy does not apply. Real-world economic agents are neither fully informed nor fully rational. And far from being perfectly competitive, real-world market structures are plagued by monopoly power, the separation of ownership from control, externalities, and missing markets. The perfectly competitive model can serve as a benchmark against which real-world economic activity is judged, but it cannot serve as a description of the market economy people actually confront. In both the cases of neoclassical economics and Keynesianism/Market failure theory, the self-regulating properties of the market economy were behaviorally-contingent, not institutionally contingent.

Despite the influx of heterodox approaches that challenged methodological individualism characteristic of economics, and in particular, the Keynesian hegemony in macroeconomics, characterized by excessive aggregation and a rejection methodological individualism in economics, microeconomic analysis remained the foundation of economic science [Boettke and Coyne 2005, 146]. Against this backdrop, a revival of emphasis on institutional theory and spontaneous order analysis led to a counter-revolution in economics with a renewed appreciation of what Robert Nozick refers to as “invisible-hand explanations.” As the term indicates:

An invisible hand explanation explains what looks to be the product of someone’s intentional design, as not being brought about by anyone’s intentions... Invisible hand explanations minimize the use of notions constituting the phenomena to be explained; in contrast to straightforward explanations, they don’t explain complicated patterns by including the full-blown pattern-notions as objects of people’s desires and beliefs. Invisible-hand explanations of phenomena thus yield greater understanding than do explanations of them as brought about by design as the object of people’s intentions [1974, 19].

As Nozick argues, invisible hand explanations require the explicating of *filtering processes* or the *equilibrium processes* that had been emphasized by economists since the days of Adam Smith. However, what distinguished the revolution in economics from New Institutional Economics (NIE), Public Choice theory, and modern Austrian Economics was the institutional turn they made to the shift away preoccupations with behavioral perfection/imperfection [Boettke 2011, 150].

Among those examples of invisible-hand explanations that Nozick lists in *Anarchy, State, and Utopia* is a classic paper written by Armen Alchian, one of the leading pioneers in NIE, entitled “Uncertainty, Evolution, and Economic Theory” [2006 (1950)]. Besides emphasizing the role of private property, the role of uncertainty and learning was a constant theme stressed throughout Alchian’s career in explaining social phenomena, themes that have been shared and developed by the Austrians as well. Alchian’s key insight in that paper, which is particularly relevant to our discussion of methodological individualism, was that the behavioral assumptions of atomistic methodological individualism, namely the notion of profit maximization and perfect foresight, were *ex-ante* not required for the generation of equilibrium processes, as in the neoclassical model. Regardless of the behavioral motivations *ex-ante*, the notion of individual rationality under uncertainty was generated *ex-post* by the filtering processes via the particular institutional context. Alchian’s argument displayed minimal behavioral requirements on the part of the individual, yet yielded tremendous explanatory power:

Even if each and every individual acted in a haphazard and nonmotivated manner, it is possible that the variety of actions would be so great that the resulting collective set would contain actions that are best, in the sense of perfect foresight...The

essential point is that individual motivation and foresight, while sufficient, are not necessary...All that is needed by economists is their awareness of the survival conditions and criteria of the economic system and a group of participants who submit various combinations and organizations for the system's selection and adoption [2006 (1950), 9-11].

The efficient outcome of such an equilibrium process would be the "survival" of those individuals who display the behavioral characteristics that are *institutionally-contingent* for adaptation and the successful pursuit of one's self-interest in that particular context. Another way to view this is that the social game is always played by self-interested actors, but whether the patterns of social outcomes yield positive sum, zero sum, or negative sum games will depend on the incentive structure of the particular institutional framework.

The contribution of public choice to the rebirth of political economy was reintroduction of behavioral symmetry of self-interested actors across both market and non-market settings. Before public choice, economic theory frequently postulated an objective welfare function that "society" sought to maximize and assumed that political actors were motivated to pursue that objective welfare function. What Buchanan and Tullock pointed out in their critiqued was the following: (1) no objective welfare function exists; (2) even if one existed societies do not choose – only individuals choose; and (3) that individuals pursue their self interest in the politics just as they do in markets [Boettke 2012, 249].

By extending the logic of rational choice to non-market settings, what Buchanan and Tullock emphasized what the institutional context of politics, because it lacked the institutional prerequisites of private property and money prices for individuals to calculate the costs and benefits of their individual actions, non-market decision-making tended to show that self-interest would not manifest itself in the public interest. Lacking the institutional constraints in a market economy, the equilibrium political process in a democracy would manifests in the "dark-side" of unintended consequences, such as political manipulation by special interests. Such unintended consequences include the emergence of public goods, such as deficit spending, the accumulation of public debt, and monetary debasement, each of which as a result of the self-interest pursued by political actors seeking to maintain office, particularly by concentrating benefits on the well-organized and well-informed minority of the population and dispersing costs on the ill-organized and ill-informed majority of the population.

In short, while market-failure theorists might argue that government intervention is necessary to correct such failure, public choice theorists would stress that the individuals operating within the political context are no more benevolent or better informed to correct such failures. Moreover, given the institutional context, such individuals will lack the contextual knowledge and incentives, the resulting "government failure" that emerges as an unintended consequence will likely be greater than the market failure that such intervention sought to correct. The failure in politics result not from ignorance from ig-

norance and perverse incentives alone, but to the absence of institutions that would work to ameliorate the problems of ignorance; political institutions possess their own filtering processes and equilibrium properties, and the less-than-ideal patterns that emerge have strong survival characteristics [Boettke 2008, 9].

#### IV. Why Is this Relevant for Contemporary Political Economy?

The argument that we have been articulating in this paper can be restated as the following: same players under different rules of the game generate patterns of outcomes. This was also the point stressed by the late Nobel Laureate James Buchanan throughout his career, particularly in the field of public choice and constitutional political economy. As he concludes in "Same Players, Different Game: How Better Rules Make Better Politics":

The central message of the essay, as indeed it is also for the whole public choice and constitutional research program, is that scientists, as analysts of politics, should spend more time in inquiry about the workings of different rules and less on efforts to modify the behavior of those in the roles of political agents. Changing the rules is perhaps much easier than changing the character of the players [2008, 178].

According to Buchanan, there are two levels of political exchange that must be studied. The formation of the rules of the game is the constitutional level of analysis; and the interactions of individuals within the established rules of the game constitutes the post-constitutional level of the analysis. In Buchanan's rendering of constitutional political economy, the two levels of analysis must be engaged as you cannot answer the relevant questions about law and order unless the social philosophical analysis of "good" rules is informed by the predictive analysis of how different political institutions will operate.

In contrast to the understanding of markets in terms of ubiquitous efficiency, Buchanan argued that such an "overly restricted conception of market behavior" neglects the propensity of individuals to discover voluntarily more inclusive institutional arrangements within which efficiency emerge. Efficiency considerations are not eliminated from Buchanan's conception, since "the motivation for individuals to engage in trade, the source of the propensity, is surely that of efficiency" [Buchanan 1964, 219]. Rather, efficiency, or moving from a less-preferred to a more preferred position, is a constant propensity of human behavior within the rules of game, but the manner in which efficiency manifests itself is dependent on the truck, barter, and exchange of the institutions themselves. The proposition that exchange must be extended to the constitutional level rules is not inconsistent with the tendency towards efficiency within a given institutional context.

Why Is this Relevant for Contemporary Political Economy? As we discussed in the previous section, politics, despite the rhetoric of improving the well-being of

individuals and ennobling him through public service, operates on the basis of self-interest no less than in a market setting. Successful political reforms are a consequence of alternative constitutional rules, not in providing better information or selecting more benevolent politics within such rules.

An important illustration of these insights can be seen in Buchanan's discussion of an appropriate federalist system [2008, 174], characterized by decentralization and competition among semi-independent governmental jurisdictions can improve the public policy choices of government, which further empowers citizens with an exit option by voting with their feet. In this example, the self-interest of politicians is being pursued, but the institutional environment in place constrains their opportunistic behavior, and generates filtering processes that work to satisfy the demand of voters by producing an optimal mix of public policies.

The continued emphasis on the behavioral characteristics of politicians and not the rules of the game that constrain them will only exacerbate the fiscal and monetary crisis that Western democracies are currently facing. A complete return to the "old" principles of positive political economy, characterized by methodological individualism, institutional analysis of filtering processes, and the analysis of spontaneous order analysis (i.e. invisible-hand explanations) will not only foster "new" inquiry about the scope and responsibility of government, but will also generate institutional solutions to questions that demand institutional answers.

Following this institutional paradigm with a focus on exchange behavior that takes place in public finance, Wagner (2012) wrestles with question of why democracies engage in deficit spending and debt accumulation, despite have constitutional requirements to balance their budgets. Following Buchanan and Tullock, Wagner employs a methodologically individualist approach and scuttles the notion omniscient and benevolent despot typical of modern-day public economics. Lacking the incentives of private property and money prices to account for the costs and benefits of their decision-making, Wagner views the budgetary process as one in which self-interested politicians are competing over funds from a "fiscal commons." Through vote trading and political manipulation by special interests, the order that emerges within the fiscal commons, though not consciously intended by political officials, results in policy outcomes that are inconsistent with balance budget amendments, namely continuous overspending. Like the notion of common property, without well-defined property rights over the budgetary process, individuals in the political sector, motivated to stay in power, will account for the private benefits to themselves of gaining a share of the budget for the special interests amongst their constituency, while socializing the costs amongst the vast majority of taxpayers. As long as fiscal arrangements are in place, where the revenue decisions are divorced from spending decisions, the commons problem will remain in the budgetary process and fiscal imbalances will continue.

## V. Conclusion

Social science must first render intelligible social phenomena in terms of the purposes and plans of the human actors that comprise the relevant actors in that society, and then trace out the intended and unintended consequences of those action that constitute the complex pattern that was the object of study to begin with. As the epigraphs from Mises and Hayek we provided argue, methodological individualism and institutional analysis have proven to be the most successful way that social scientists come to understand the social order that ignites the theoretical imagination in the first place. As we have stressed, the invisible-hand style of reasoning works not by collapsing the hole to the parts, nor through some magical social alchemy, but by examining how the rational choice postulate and the invisible-hand theorem are reconciled through institutional analysis.

Economics, in particular, as a discipline should be focused not on decision-making per se, let alone decision making by robotic entities, but on exchange relations and the institutions within which these exchanges transpire and these relationships are forged. Agency, and thus rationality, are omnipresent, but the manifestation of human agency are institutionally contingent. On the other hand, human beings are not clueless and governed only by their whims and emotions. Human beings are fallible, but capable choosers. But they choose within specified institutional environments. Cognitive capacity and context of choice determine individual decision-making, and the pattern of social interaction emerges from within institutional contexts that those choices are made, bargain are struck, and production activities are engaged in.

The analysis we have advocated can be summed up as rational choice as if the actors are human, and institutional analysis as if history mattered. This rational choice institutionalism provides the foundation for modern political economy and social philosophy. It was practiced by Adam Smith and David Hume, and by Carl Menger, Ludwig von Mises and F. A. Hayek, and more recently by Armen Alchian, James Buchanan and Ronald Coase [Boettke and Candela 2014]. In contemporary social science, this method of analysis has been utilized to discuss the problems of failed and weak states [Coyne 2008; 2013], pirate organizations and other forms of self-governing organizations [Leeson 2009; 2014], and the forming of prison gangs and prison economies [Skarbek 2014]. As we stated in the introduction, questions about methodology not only direct the economist's attention to particular questions about social phenomena, but it also provides the economists with a set of eyeglasses to answers those questions that make sense of the real world, not just the one on the blackboard.

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RAFFAELE DE MUCCI\*

## *The methodological individualism antidotes to poisons of the conspiracy theory of history and society*

**Abstract** – In the following paper the tradition of methodological individualism is employed as a powerful antidote to the mentality underlying the so-called “conspiracy theory”. After listing some of the most popular alleged conspiracies of our time, it is argued that conspirationism falls short of the most basic requirement of scientific inquiry, namely the falsifiability of empirical statements. More importantly, it is contended that conspiracy theories are a form of determinism or theism, which assumes that all the results of human interaction are planned and controlled by some more or less personified entity. Conspirationism systematically overlooks the existence of the unintended consequences which, as explained by methodological individualism, inevitably springing from intentional human action. By creating an unsustainable dichotomy between those who are immune from the effects of the conspiracy and thus can expose it to the unaware public, it also fails to understand the dispersion of knowledge within society and the instrumental role of science and democracy in understanding social arrangements.

### *Introduction: plots and conspiracies in the society and history*

The conspiracy theory is a theory that circumvents the common understanding of historical or current events, claiming that these are the result of a manipulation on the part of one or more occult powers or conspiracies. “Conspiracy Theory” is used to refer to unconventional theories about historical or current events, which may appear unfounded, outlandish or irrational. Generally, conspiracy theories claim that a particular event, such as an assassination, a revolution, or even the failure of a product, is not due only to visible actions of individuals who belong to political or market forces, but rather to collectives and usually hidden conspiracy or actions<sup>1</sup>.

The conspiracy theory is one of the most consistent of the “Poverty of historicism” [Popper 2013]: it wants to believe that history always has an end result, more often than not, a blatant or surreptitious planning as in the perverse logic of Constructivism [Hayek 1967], due to the work of any entity more or less abstract, more or less personified – you may name Providence, Destiny, Fate, Chance, you resort to Bentham’s Panopticon metaphor or to the Moloch of Big Brother Orwellian’s memory or to the more recent and familiar myth of the Great Old Man, which pursues objectives of putsch and terrorist actions by the extreme left and the extreme right, or more – and that this purpose is always beyond the combination of unintended, unwanted or unforeseen effects, related to always intentional human action [Hayek 1967: 110 seq.].

In the *Open society and its enemies*, Popper himself says: «The conspiracy theory of society or the world is nothing but a modern version of Theism, belief in Gods whose whims and desires command over all. If you re-

move the Gods (...) then instead of them, powerful men and groups will be placed – the dark powers – which is attributed to all» [Popper 1974: 125-26]. Popper holds to reiterate that he did not believe that the plots are impossible, but rather, they are typical social phenomena that become important every time you come to power just people who believe in the conspiracy theory. Ultimately, the plots fail and are soon in the light (the murder of Julius Caesar), or fail and are still in the light (Cicero and Catiline). In short, the plots always emerge if really exist [Eco 1988].

The curious thing is that despite many conspiracies have been raised, it seems that nobody has ever made, at least not in predetermined way [Id: 127 seq.]. Of course, real conspiracies and plots have always existed in history, and even in recent history we have a wealth of examples. But the plot is other: it is the tendency to indulge in some sort of conspiracy theory of history and is generally used to qualify concept in derogatory sense of paranoid propensity to build and imagine plots for any event of political, economic or social importance.

### *1. Conspiracy historiography*

The conspiracy theory has its origins in the counter-revolutionary thought at the time of the French Revolution. From the alleged conspiracy of few enlightenment philosophes to the fictional Masonic plot behind all great historical events, to the tragic and grotesque invention of Jewish conspiracy for world domination, disclosed by the “protocols of Zion” and endorsed by Nazism and Fascism, the global conspiracy theory represents a reactionary ideology [Cohn 1959].

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<sup>1</sup> The word “conspiracy” comes from the Latin “conspirare”, (“breathing together”), and in contemporary usage refers to a situation where two or more persons agree to make an illegal or immoral act. The essential components are the involvement of at least two people, privacy and malicious intent. The current existence of countless such conspiracies is well-known and includes gangs and criminal organizations, cartels to control the market, political corruption organised and so on.

The idea of the conspiracy is actually as old as modernity and after the French Revolution the same theories are continuously re-examined. «In this French Revolution, everything up to mischief, scariest, everything was planned, meditated, combined, deliberated, determined; everything was [...] run by men who had just woven the threads of the conspiracy in secret societies and who have been able to choose and foster the most suitable moments for the plot». This is the opinion expressed in 1798 by the Abbot Augustin de Barruel [1989: 196]. It is therefore an ideal breeding ground for the far right and even, in one way or another, a substantial part of their programmatic corpus (conspiracy of the Jews and Freemasons, or the Bolsheviks or, finally, of Muslims).

But it is also a breeding ground for left-wing ideologies say, because of the profound and deep-rooted consciousness of modern Western culture of enlightenment and historicist inspiration that history, the great history, is made up of religious ideals, movements, from the evolution of the economy and of society, and States, by the efforts and struggles of these subjects are protagonists and together expression; and is not the work of small plots or alleged major conspiracies. On the other hand, it is precisely this collectivist vision that generates plots and conspiracies.

We must then consider the role played by the media in strengthening and disseminating of conspirative theories. The conspiracy 2.0 phagocytes and amplifies the delusions in conspiring, making use, *inter alia*, of computer tricks and manipulations of documentary. It is not a coincidence that the French Education Minister, Najat Vallaud-Belkacem, on the sidelines of the Islamic terrorist attacks in Paris in 2015, revealed that a boy in five believes the conspiracy theories spread through social networks. «The conspiracy is a very old phenomenon – remember Jean-Yves Camus – from the denial of the Holocaust until the Twin Towers, including the Kennedy assassination and the landing on the Moon, there is big event that has not been the subject of “alternative narratives” made of shadows and alleged counter-truths. Today, however, is being accelerated due to the Internet and to a vision of the world that is increasingly complex, favouring the multiplication of “conspiracy jackals”» [Camus 2006: 61].

## 2. Timeliness of conspiracy theories

Here it is a sample, absolutely indicative and non-exhaustive list of some of the most sensational cases of interpretations inspired by conspiracy theories and linked to a number of famous and infamous events (for drama and tragedy) that have left deep traces in the international public opinion over the past twenty years (sorted by date descending). On the other hand, just type on Google search any keyword related to the terms conspiracy/plot to be returned by an avalanche of references for every time and topic.

*Attacks in Charlie Hebdo, 2015* – According to some conspiracy theories the attacks would be a case of

“false flag” which is an attempt by the Government to repress minorities thanks to a catastrophic event. Such theories are based on US Patriot Act adopted by the US Congress in the wake of the attacks of 11th September. According to others, the real target was Bernard Maris, Economist author of *Antimmanuel de l'Economie*. For still others, it was to strengthen the position of Holland and France at international level (within the EU and in mediating between Russia and Ukraine).

- *MH17 of Malaysia Airways Flight, 2014* – But a recent case in point: the flight carrying 298 people shot down in the skies of Donbass last July 17 would be at the center of the anti-Russian plot to unleash war against Putin and destabilize Russia’s authoritarianism.
- *Death of Chavez, 2013* – The Venezuelan leader’s death for many is the effect of a plot set in place to destabilize the Venezuela. The same disease of Chavez would be the consequence of a poisoning, just like that of Arafat. The whole thing would be a “disease induced” by enemies of Venezuela and its President.
- *Case Snowden, 2013* – Edward Snowden’s revelations about the Nsa’s methods for conspiracy would simply work of Chinese and Russians who were maneuvered to create embarrassment to the U.s. Administration and undermine the negotiations on free trade agreement (TTIP) between the United States and Europe to prevent the Western economic recovery.
- *Osama Bin Laden’s Death, (presumed) May 2011* – The leader of Al-Qaeda would not have died in the raid of Abbottabad in Pakistan as told by the Americans as there is no evidence of the body. There are those who argue that the raid has served only to delete a different figure, a broker who, with the complicity of the pakistani services, working to mend relations between Pakistan and taliban Afghanistan with the blessing of China.
- *Earthquake in Japan, 2011 (and the 2004 Tsunami in Sumatra)* – The disastrous event that struck Japan in 2011 and the equally tragic Indian Ocean tsunami of 2004 for some has a very specific responsible: according to the conspiracy similar events are the result of the use of systems such as the American HAARP ionospheric research, based in Alaska, operated by the Navy and U.s. Air force. To Haarp were also attributes the Haiti earthquake and floods in Pakistan.
- *The case Dominique Strauss-Kahn, 2011* – The prosecution of sexual offences would be according to some conspiracy theorists simply a ploy not to allow the former IMF Chairman to participate in the following French elections.
- *The WikiLeaks case, 2010* – The American diplomatic messages stolen from the organization headed by Julian Assange would also be a conspiracy theory. There are those who see Israel’s hand: it goes from political motives to technological ones. After the leaking of secrets, many Governments have had

to look for new electronic defense systems, and Israel that excels in new technologies would be benefitted.

- *Terrorist attack on the twin towers in New York of September 11, 2001* - We find two theses.
- LIHOP ("Let it happen on purpose") – the CIA was aware of but left to do for the sake of greater interest, as the Bush election victory at the next election.
- MIHOP ("Make/Made it happen on purpose") – the US Government commissioned the assignment to Al Qaeda. The role of Osama bin Laden, the Saudi leader's involvement in the 11 September for conspiracy theorists is a mystification, because bin Laden was a Cia agent and her family in business with Bush.
- *The disappearance of Kennedy Jr., 1999* - Kennedy, abyssed in the sea with his wife and sister-in-law in 1999, while he was at the controls of a small airplane, was actually killed, according to the founders of the conspiracy because he wanted to run for the Presidency, in the famous round in which Bush Jr. would later defeated Al Gore.
- *The triple murder in the Vatican, 1998* - Three people died in Vatican: the Swiss Guard Cedric Tornay, the Commander of the Corps, Alois Estermann and his wife, Gladis Romero. Tornay had committed suicide after the double murder. A version that conspiracy theorists do not believe: according to the alternative-triple-murder thesis would have been accomplished by a Hitman to delete Estermann, who was aware of too many secrets, according to some, while for others he was a Stasi spy, according some others he was unwelcome to a "lodge" inside the Vatican.
- The death of Lady D, 1997 – The Princess of Wales died in 1997 in Paris in an accident, together her partner Dodi Al-Fayed, is at the Centre of conspiracy theories: the involvement of British intelligence on behalf of the Royal family, against a woman's relationship with a man of Muslim faith.
- *Hiv, 80 's* - For the conspiracy the dreaded virus was created artificially in the laboratory, but there is no agreement on the reasons: deliberate weapon of mass genocide, laboratory accident or demographic control?
- *Chemtrails, 80 's* – The chemtrail conspiracy theory holds that some contrails, visible in the atmosphere and released by planes, are not trails of water vapour, but are also made from chemical or biological agents, sprayed in flight by means of hypothetical trainborne equipment on aircraft, for unspecified purposes.

### 3. *The psychopathology of conspiracy*

Who marries conspiracy theories with closed eyes is deployed in a battle against "the authors of the great deception": he doesn't buy capitalist objects, despises consumerism (except not realize that he himself as a prod-

uct and a victim of "consumerism") and criticizing those who do not think like him. Who is part of the same group is his friend, regardless of the things he says.

The conspiracy is convinced that what he believes will be the truth and he, as "awakened" cannot be a victim of disinformation and manipulation, that affects others, the conspiracy does not believe himself nor manipulated nor manipulate. On the contrary he is convinced that anyone who is not part of the group is a "victim of the system". It's called "the third-person effect" (TPE, the acronym) and defines the incorrect perception that the media have a strong persuasive effect on others but not on themselves. Are always the others who get it wrong, in short.

It is the evolution of certain personality traits, such as mistrust, insecurity, pride, until injury and fanaticism that you identify with a specific personality disorder and has a name in the mental lexicon: paranoia or persecution complex. The "real" conspiracy is simply paranoid. The paranoid conspiracy is utterly different from the dupe "gullible" that because of his ignorance doesn't understand what revolves around it takes for face value each claim that is on Google.

«The madman is immediately recognizable. He is a fool who does not know the tricks. The stupid attempts to prove his argument, he has his lopsided logic, but he has one. The madman does not bother to have a logic, proceeds to short circuits. Everything proves everything for him. He has a fixed idea, and all that he found is okay to confirm it. You can recognize the fool by freedom he takes against the duty to try, from availability to find illuminations. It seems strange, but the crazy sooner or later brings out the Templars. [...] There are crazy without the Templars, but those with the Templars are the most insidious» (Eco 1988: 14-15).

About the conspiracy, perhaps more commonly known in terms of pseudoparanoia, which differs from paranoia because almost always expresses itself not with paranoid intimate and personal thoughts and but joining membership in groups led by paranoid individuals: for ignorance, lack of culture or relationship and rationality problems. It basically relies on a "guru" that conditions with its lack of adherence to reality his followers. Moreover, conspiracy can mean both believe, more or less naively, to conspiracies (passive attitude) and make conspiracies believed (active attitude): and the latter is deliberately scheming action real worst of "passive" conspiracy.

There are "professional" conspiracy theorists that spread alarm and disseminate the "truth" but which actually have the sole purpose of finding customers for their business. These are not "paranoid" but simply smart sellers. Those who are hurt at the idea of being controlled by the "new world order" or because the Earth will be invaded by alien reptiles in a few months, probably has some sides of personality to be reviewed.

The "demolition of opponent" is called FUD (Fear, Uncertainty and Doubt): insinuate doubt, create panic, uncertainty about the official "certainties": medicine is not so sure, the Government does not want our good, the

vaccine is poisonous, the cops are violent, the magistrates are corrupt, the food is poisoned, the air we breathe as well. In practice: don't trust anyone or anything. The conspiracy does not trust even the other conspiracy (could be an infiltrator).

## 4. The epistemology of conspiracy

In conspiracy theory is frequent the use of generalization. Like *all politicians are corrupt, all secret service plot to obtain authoritarian solutions, all the pharmaceutical companies spread diseases to sell their products*. Each conspiracy, each mystery behind such a fact is automatically activated, becomes complicated, it magnifies. If the "definitive proof of the existence of aliens" is removed and is a hoax, the conspiracy hasten to divert all attention on the upcoming "definitive proof". There is no partial plot: the plot is total, destructive of reality as we know it. That is the apotheosis of verificationism and generalization (all statements are "made real", but they have never stood the "crucial" test of falsification).

Is the explanation given by thesis the only possible? Often the conspiracy thesis asserts that the only way it can be an anomalous event is through a conspiracy. Let's see if there are other possible explanations. If there are, then the conspiracy did not assert evidence nor is a trial in itself.

The conspiracy is the elimination of irreducible truth to the theory. Namely that it is impervious to counter-demonstration and takes into consideration only what is in favour of the presence of the conspiracy. From this point of view, the plot is virtually unstoppable. For example, the exposure of philological evidence that "the protocols of the sages of Zion" are an apocryphal does not affect the zealous supporters. Their argument is that the "protocols" may be materially false, but are authentic spirit.

Take for example Alain Soral (2011), French Socialist. Through his analysis Soral assimilates the bourgeoisie with Jews in a almost mystical way: a way to rehabilitate the "our" good bourgeois and to propel, under an anti-system coverage, its visceral anti-Semitism. For Soral the religion of capital worships Israel and the Empire, its hidden priests are Jews. The final objective of the Empire would be the creation of a "greater Israel" and world domination. The society would be infiltrated by the Empire which would organise a conscious and secret disintegration of the social fabric. Soral sees Jewish conspiracy everywhere, supported by the occult power of the USA.

The "campismo" considers the evolution of the world essentially as the result of the comparison between two or more geopolitical fields – full of plots on one side and on the other – sharing with the conspiracy the negation of the character (over) determinant of socio-economic contradictions, relationships and socio-political conflicts, masses and action of class struggle on the history. In this context, we must now be wary of the term "Empire", used by some left – sometimes neostalinist, but

not always – that from the far right, and also by fascist ideologues as Soral. The use of the term allows you to hide the real contradictions and struggles, favouring conspiracy explanations.

Until you analyze current events (and even the passed and historical ones) leaving methodically analyzing the exploitation of wage earners for the added value and competitive accumulation of profit and an analysis of the dominant structure of the bourgeois state (bourgeois states), everyone can finally find to end his "evil empire" which in turn can be played by the United States, Islamic States, the alleged International plot of Jew, by Putin, and so on.

In 2006 the French philosopher Taguieff in his book on "the imaginary world plot "lays down four main cornerstones of modern plot theories: 1) nothing happens by chance; 2) what happens is the result of secret will; 3) nothing is as it seems and. ..4) ... everything is connected [Taguieff: 2006].

The political scientist Michael Barkun [2003] in his essay on the culture of conspiracy in contemporary America, identifies three types of conspiracies: conspiracies theories limited to individual events (e.g. born conspiracy theory around the assassination of John F. Kennedy or the accident of Lady Diana), systemic conspiracy theories, where an organisation like the Masons or the Jews acted to take control of a State or of the whole world, and finally the conspiracies "super", like that of the new world order, and lastly "fantasy political conspiracies theories" that use the movie "The Matrix" as a metaphor for today's world, a fake world, a world built by few to enslave the majority. The conspiracy is usually believed to be the bearer of a new "conscience", its mission is to awaken the consciences of the population still dormant and manipulated by occult powers.

It is impossible not to notice an extremely Manichean view world in the eyes of a conspiracy. Two fronts are to form: on the one hand we have the "we" (small community, Italian citizens or inhabitants of the Earth), victims of conspiracy and basically good, and on the other we have "they", the villains, motivated by lust for power and profits.

## 5. Democracy, occult and invisible powers

Democracy, said Bobbio, «is ideally the visible Government, the ruling power whose acts are carried out in public, under the supervision of public opinion» [Bobbio 1981: 187-90].

In order to not confuse secrets and occult powers, you have to clear the field from all sorts of offices and institutions that even in democratic regimes retain their secrets and act in secret (historical archives of the Government, the secret service or police and military espionage, etc.). To speak properly of occult powers are necessary three requirements: the secret enveloping the entire organization and its members, sometimes even its purposes; the function of counterbalancing power against