

Introduction

Mises' epistemological analysis showed that ignorance has two facets: division of knowledge and uncertainty of the future. Firstly, if we presume the idea of each social actor's singularity, no individual can *a priori* know what values, ends or strategies exist in others' minds until these are translated into action. The knowledge needed to coordinate individual plans is divided throughout society.

Secondly, entrepreneurship as exercised through the praxeological model prevents the future being a simple extension of the present or the past, opportunities changing unpredictably, leaving actors in ignorance of future circumstances.

Recognising the existence of knowledge division brings up the question of conceptualizing the necessary cognitive mechanisms to enable market exchange. The problem is in fact that on one hand exchange presupposes actors' mutual knowledge, while on the other the Austrians view actors as *a priori* anonymous; certain efforts were made to solve this apparent paradox by reflecting on elements of intersubjectivity in society. Hayek, in particular, referred to evolutionary biology and theoretical psychology to produce an explanation of the way agents form intersubjective representations; he thus sheds light on elements of market formation, which we examine in Chapter 4.

The central problem of division of knowledge was to bring the Austrian authors to develop an interpretation of market mechanisms as a way of changing information into knowledge. Which structures may be developed to transmit singular knowledge from one actor to another becomes an important issue. Distinguishing the body of information in society from the knowledge which each actor holds gave the neo-Austrians the opportunity to free themselves from the neoclassical model of equilibrium. They thus underline the importance of entrepreneurship, profit and competition to understand the functioning of the market, which can then be seen as a whole 'World of Discovery' (Chapter 5).

The second Austrian source of ignorance, uncertainty of the future, comes from a realisation of the temporal aspect of action. Necessary knowledge for action is fragmented between not only individuals but also between present and future. So the question of prediction arises, also highlighting a second constraint of coordination: a principle of the formation and success of individual expectations. Present prices reflect present-type information but do not

bring any knowledge of the future, the basis of any success of plans. So they do not explain plan-making and certainly in no way guarantee success of expectations. Moving from a concept of coordination by price in response to knowledge division, to a coordination of plans in reaction to uncertainty of the future provoked a whole series of reflections in the neo-Austrian analysis of catallaxy, which we examine in Chapter 6.