

# CHAPTER 1

## WHAT IS STILL WRONG WITH THE AUSTRIAN SCHOOL OF ECONOMICS?

Peter J. Boettke

### ABSTRACT

*There are more scholars teaching and actively engaged in research associated with the Austrian School of Economics now than at any other time in its history. However, there is still something seriously wrong within the Austrian School and changes must be made both individually and collectively. In this piece, the author first discusses scientific progress with an emphasis on the individual behavior that is required to contribute to science, and the horizontal relationships that are required for the spread of ideas within a scientific community. Next, the author discusses the example of the Austrian school from 1950 to today in terms of these horizontal relationships within the profession and, in particular, in comparison with other mainline contributors during the same time period. The author then will address the multiplicity of horizontal relationships that might be explored as alternative discourse communities in the contemporary intellectual landscape. Lastly, the author concludes that the Austrian School of Economics must cultivate an explicit awareness of plausible, intrinsically interesting, and creative research agendas, and must therefore regard their work as a productive input into the ongoing research production of others within the broader community of economists and political economists.*

**Keywords:** Austrian economics; mainline economics; history of economic thought; horizontal relationships; the Austrian School; Hayek; Buchanan

## 1. INTRODUCTION

The Austrian School of Economics has a long and venerable history. Carl Menger is universally recognized as one of the three founders of the marginal revolution in economic science (Boettke & Leeson, 2002). Eugen Bohm-Bawerk, along with Alfred Marshall and John Bates Clark, was internationally recognized as a leading developer of early neoclassical economics. Ludwig von Mises played a pivotal role integrating European scholars into the international scientific community through his work with the Rockefeller Foundation in the 1920s and 1930s, earned international recognition as both a teacher and scholar, and was named the Distinguished Fellow of the American Economic Association in 1969 (Boettke, Coyne, & Newman, 2016). His peer, Joseph Schumpeter, as well as junior colleagues F. A. Hayek, Fritz Machlup, Gottfried Haberler, and Oskar Morgenstern would all receive great scientific acclaim on the international scene. Schumpeter (1948), Haberler (1963), and Machlup (1966) each became President of the American Economic Association.<sup>1</sup> Machlup (1967) and Morgenstern (1976) were named Distinguished Fellows of the American Economic Association.<sup>2</sup> And, of course, Hayek (1974) would receive the Nobel Prize in Economic Science.

From the 1870s to the 1970s, the Austrian School of Economics and its leading representatives were recognized as important contributors to the *mainstream* of economic science in many significant ways (Boettke, Coyne, et al., 2016). Yet, to anyone familiar with the practice of economic science between say, 1950 and 1980, such a claim would almost be laughable. I have argued that while the contributions of Austrian school economists might have fallen out of favor with the mainstream of economics during the post–World War II (WWII) era, their work was firmly within the *mainline* of economics and political economy emanating from Adam Smith and the development of classical political economy (Boettke, 2012a; Boettke, Haefele, & Storr, 2016; Mitchell & Boettke, 2017). But the Austrian school was not alone as a developer of mainline economics.<sup>3</sup> A comparison between the scientific progress of the Austrians and their fellow mainline economists will be essential for the discussion I am hoping to cultivate with the publication of this chapter.

Before I proceed with my argument, it might be useful to relay three stories from relatively early in my own academic career as an economist within the Austrian School of Economics. I will tell these not in a chronological order, but in terms of their relative importance for the argument I am hoping to persuade the reader with. During the 1990s, my professional work focused primarily on the history, collapse, and transition of socialism in the former Soviet Union, and, as a result, I was invited to be a participant in research programs at the Smithsonian's Kennan Institute for Advanced Russian Studies and the Institute for Research on the Informal Sector at the University of Maryland. I am not sure, but I would guess that it was through my participation at the Kennan program that I earned an invitation to join the project at Mancur Olson's shop with the United States Agency for International Development (USAID) support. As my relationship with Olson grew, he told me in no uncertain terms that I was not pursuing my

career in the right way. He read an early draft of my paper “Where Did Economics Go Wrong?” (Boettke, 1997), and he provided me with some comments and sage advice. “Economists,” he told me,

don't like when you to tell them about their sins of commission from an “Austrian” point of view. Why don't you just focus on their sins of omission that your alternative “Austrian” point of view would direct one's scientific attention to instead?

I have often thought of that conversation from the moment he said that to me. Doing novel research does seem to be more productive than preaching to others about what they are doing wrong.

Second, during this same period (though early), I was interested in studying the interaction effect in transitioning economies between the economy, the polity, and society, and was thus led to study not only broader social theory, but also various branches of economic sociology. This led to an ongoing research and teaching relationship with Peter Berger and his Institute for the Study of Economic Cultures at Boston University, where I first went as a visiting fellow for a summer and was later invited as a speaker and discussion leader. Berger also recruited me as a potential faculty member at Institute for Social and Economic Change (ISEC), and this led to one of the more “interesting” episodes in my professional life, but that is a story for another day. What is important for the narrative I am constructing in this chapter is that during the several months of courting me for the faculty position, Berger over lunch asked me the following question: “If I was able to arrange for you to have unlimited funds for a research and/or educational mission through ISEC, what would you use those funds to achieve?” I proceeded to give what I thought was a great answer about the productive exploration of the borderland between economics and sociology and the puzzles and paradoxes of post-communist reform. Berger laughed his wonderfully distinct laugh and said, “No, you wouldn't. You would waste the entire amount on trying to convince other economists who don't want to be convinced that they should be reading Mises and Hayek.” Then he laughed again, and just said, “But that is you and your naïve optimism, it is one of your charming attributes.”<sup>4</sup>

Finally, before all of that in the late spring or early summer of 1990, as the news spread that I had been offered a job as an Assistant Professor of Economics at New York University (NYU), I received in the mail a letter from Ludwig Lachmann – in his characteristic mailer format – all the way from South Africa, congratulating me on my job.<sup>5</sup> Besides a note of congratulations, he detailed the importance of the opportunity I had and how I was well positioned to help the next generation of Austrian school economists because I had an applied research program in Soviet and post-Soviet economics. Lachmann argued that for “Austrians” to have a chance at a hearing at the mainstream table, we needed an *applied economics* research program rather than a history of thought and methodological program or a conceptual theoretical program. The students, Lachmann insisted, must have projects to do. Lachmann's message resonated with me because when I was in graduate school I can remember reading Robert Lucas's account of the New Classical revolution in macroeconomics in Arjo Klamer's (1988) wonderful *Conversations with Economists*, where Lucas basically says he knew he was

onto something big with rational expectations macro because when he presented a paper on Monday on Wednesday there would be five dissertation projects proposed on or related to that topic. A progressive research program requires that there be ongoing projects, what in many instances might be dubbed derogatorily as “shovel ready” projects. Less derogatorily and more in line with Thomas Kuhn, a progressive scientific research community does not require “extraordinary science” after the paradigm shift, but the practice of “ordinary science” for the paradigm to perpetuate and mature. Lachmann’s argument in his letter to me was that “it was time,” and we need “ordinary science,” and that my work, and more importantly, my topic/field is perfectly positioned to help perpetuate and mature the Austrian School of Economics. The collapse of communism, he argued, had brought renewed appreciation to the arguments of Mises and Hayek about the problems with socialist planning, and the transition from socialism would focus analytical attention of economists on the institutional framework within which an economy is situated.

Ludwig Lachmann (February 1, 1906–December 17, 1990) unfortunately died later that year so I have no idea what he might have thought about my efforts to encourage an applied research program in Austrian economics over the subsequent decades. My time at NYU (1990–1998) was mainly spent developing my own applied program in political economy and institutional analysis of development, and so while I was on several dissertation committees I had yet to develop my own independent voice as an economic advisor. At George Mason University (GMU) (1998–present), this changed almost immediately and there is a student record for one to judge the productivity of my research program in applied comparative historical political economy, and many of my Ph.D. students have pursued exactly that – an applied program in political economy and the institutional analysis of development.<sup>6</sup> And, if I say so myself, they have been quite individually successful, and not an insignificant number of them are now either teaching their own graduate students in R1 universities, or they are inspiring a new generation of potential graduate students from their positions at liberal arts colleges, business schools, and state universities.

So, what is with my title? What could possibly be wrong with the Austrian School of Economics? As I will show, there are probably more individual scholars teaching and actively engaged in research associated with the Austrian School of Economics than at any time in its history. But my argument will attempt to persuade you that there is something seriously wrong and that changes must be made individually and collectively, otherwise any progress that has been made will be fleeting at best. As a chapter in persuasion, I am going to paint a bleak picture for the reader before then providing the reader with a reason to hope for future improvement. In order to do that, I will proceed as follows: in Section 2, I discuss scientific progress, with an emphasis on the individual behavior that is required to make a contribution to science, and the horizontal relationships that are required for the spread of ideas within a scientific community. Section 3 discusses the example of the Austrian school from 1950 to today in terms of these horizontal relationships within the profession and, in particular, in comparison with other mainline contributors during the same time period. Section 4

addresses the multiplicity of horizontal relationships that might be explored as alternative discourse communities in the contemporary intellectual landscape. Section 5 concludes.

## 2. SCIENTIFIC PROGRESS AND HORIZONTAL RELATIONSHIPS

Michael Polanyi's (1962) essay "The Republic of Science" originally published in the philosophical journal *Minerva* in, is perhaps the most precise statement I have ever read about how an individual scientist must behave within the scientific community if they want to successfully make an impact. Polanyi's essay identifies the tensions in the scientific community, and the trade-offs that the creative individual scientist must negotiate in their effort to make their mark in science. It is the essential tension between the intellectual conservative forces that protect and preserve the scientific enterprise from the unwarranted assault by charlatanism and quackery and the revolutionary forces unleashed by creative thinkers engaged in the unending quest for the discovery of unknown truths that constitutes the ongoing enterprise of the republic of science (Polanyi, 1962). Polanyi was part of the "growth of knowledge" approach to the philosophy of science and was comfortable with the idea that as we progress in our knowledge, not only do previously unanswered questions get answered, but also that previously unasked questions now can be asked. The more we know, the more we know we don't know. And the unending quest continues.

As a scientist, it is important to understand the conservative and revolutionary forces at play. The conservative forces maintain the scientific community; the revolutionary forces propel knowledge forward. When an individual scientist seeks to communicate their research results, they must do so in a manner which respects these two forces. Polanyi argues that a contribution must first and foremost must be deemed as *plausible* by the main practitioners in the scientific community. If results are presented that are deemed *implausible*, they will more often than not be dismissed. It does not matter if this is objectively the right or wrong decision, it is simply the reality. The *plausibility* test is the first bar one must hurdle.

The next test any scientific contribution must pass is that it must be one of *intrinsic interest* to the community of scientists. The problems an individual scientist is working on must be those that are of interest to other practicing scientists, and in most cases the most important role we can play in science is for our work to become an input into the productive process of scientific discovery of others. That only happens if our work fits with the intellectual interests of the broader community of scientists. Both the *plausibility* and *intrinsic interests* represent intellectual bars that must be cleared, and they are, in essence, conservative in nature. They protect the scientific community from quality erosion due to charlatanism and quackery.

But for science to progress, new and novel ideas must be entertained and explored. The third aspect of a contribution, therefore, is *creativity*. A scientist must make contributions that reflect and balance plausibility, intrinsic interest,

and creativity. But learning what constitutes that intellectual bar that must be hurdled in science is perhaps the most important acculturation process of the next generation of scientists. And this brings me to the next great contribution to understanding science and scholarship, Randall Collins's (1998) *The Sociology of Philosophies*, which was published by Harvard.

Collins's book is a massive tome, running over 1,000 pages, and discusses all the great philosophical movements throughout the world and in the process explores what behaviors result in the success and spreading of a philosophical movement, and which ones undermine the success of a philosophical movement. In exploring these practices, Collins (1998) discusses both the vertical relationships that are associated with a philosophical movement – namely, teacher/student relationships – and the horizontal relationships – defined as the peer-to-peer interactions that constitute the wider scientific community – that are established as efforts are made to spread a set of philosophical ideas (p. 65).

The vertical relationships that are essential for a vibrant movement usually entail, besides teacher/student bonds, the establishment of a regular seminars that allow participants to engage in critical discussion as well as the establishment of some regular periodical. A regular periodical would help individuals within the group express and clarify the central ideas, raise critical questions about such ideas, and ultimately cultivate a culture of criticism so that individuals within the movement can constructively express their skepticism and challenge in-movement ideas. Perhaps the most important aspect of a thriving community is the focus on and preoccupation with ideas instead of a fixation on any one individual. Without doubt, philosophical movements do have pivotal actors, but philosophical ideas that become cults of personality are doomed to have little success. It is the ideas of that pivotal person or persons associated with a philosophical school of thought that must occupy the attention of the group.

What kills philosophical movements is cult of personality, insular isolation, and immunizing stratagems with respect to criticism. The great French liberal Frederic Bastiat once wrote that the worst thing that could happen to a good cause was not to be artfully critiqued, but to be ineptly defended. Personality, isolation, and immunizing are all practices that thwart the spread of philosophical ideas beyond the in-group.

The maintenance of the vertical relationship may provide the appearance of vibrancy, but unless those vertical relationships can serve as a springboard for the development of thick horizontal relationship throughout the globe, a philosophical movement will face extreme difficulties. The evidence in my introduction about the global spread of the Austrian School of Economics during the century from 1870 to 1970 indicates the global influence and scientific respect that individual members achieved, culminating in Hayek's Nobel Prize. Recognitions bestowed on multiple members of this scientific community reflect a status for the contributions that one would be hard-pressed to deny, even by vociferous critics of the Austrian School of Economics. Obviously, it would be a mistake to overstate their influence as well. But the point I would like to stress is that the members of that discourse community learned what the argumentative bar was that had to be cleared in order to make widely recognized scientific

contributions (and in their non-native language) and ultimately developed thick horizontal relationships which resulted in the spread of a philosophical/scientific movement.

### **3. THE AUSTRIAN SCHOOL FROM 1950 TO TODAY**

The economics profession was in many ways hostile to the Austrian School of Economics after WWII. This hostility ran from methodological in nature, to analytical and ultimately ideological. Many of the most visible “Austrians,” for example, Schumpeter or Machlup, never denied their educational roots, but either sought to suggest those roots were blind to the improvements made possible through a Walrasian approach (Schumpeter) or sought to blend seamlessly into the mainstream conversation, leaving only hidden clues in footnotes and in subtle passages (Machlup). Remember that Schumpeter’s entire thrust wasn’t Walrasianism, but instead stressed creative destruction and the economic progress made possible by the entrepreneurial market process. And Machlup argued in the debate with Lester for a filtering process of the competitive market, rather than insist that the optimality conditions were behavior rules actors consciously followed. Machlup stressed they were results of the process and *not* assumptions in the modeling exercise. In his discussions of methodology, he invoked the language of “intelligibility” rather than “predictability” as the criteria, and in one of his most brilliant expositions he simply asked, “what if matter could talk?” In other words, economic science was just like the physical sciences except for the fact that its subject of observation has opinions, places meaning on the activities under investigation, and can respond to us when we offer our explanation. Economics to Machlup, and the Austrian School in general, is a science with the same ontological status as physics, but it requires different epistemological procedures. [Machlup \(1963\)](#) was just very subtle about it.

Mises and Hayek were more comfortable in their role as challengers to the emerging consensus. Morgenstern would join them when he perceived that the insights from his collaboration with von Neumann were only slowly being incorporated into the mainstream literature in economic science. But Morgenstern in many ways, as I will discuss in the next section, followed the advice Mancur Olson gave me – he did not preach to other economists what they were doing wrong rather, he instead suggested how his approach to economics would tackle the unsettled problems in economics. The critical point I want to stress is that these thinkers had command on the attention of the mainstream of economic science. The vertical relationships within the Austrian School of Economics in Vienna that originally developed from 1870 to 1930, ultimately migrated and spread to the London School of Economics, to the Graduate Institute for International Studies in Geneva, to University of Chicago, to NYU, to Johns Hopkins University and to Harvard and Princeton as well.<sup>7</sup> This resulted in thicker horizontal relationships. The Austrian School of Economics, in other words, during this time, whatever other problems might have existed, was not defined by personality, isolation, and immunization. A close study of their work shows that it was plausible,

intrinsically interesting to other economists, and creative. This facilitated a strong engagement with the broader community of economists and social scientists and allowed the Austrian thinkers to challenge both prevailing orthodoxy and alternative heterodoxies. This allowed a generation of thinkers, even after migration to a new scientific community, to cultivate thick horizontal ties beyond the confines of their “Austrian school” roots from their Vienna days.

The method and relationships described in the preceding sentence must remain in focus if a scientific school of thought is going to be successful within the larger professional community. Given the difficulties that these thinkers had in conveying their works in the 1950–1980 period, one often hears that the barriers erected by the establishment were so strong that *anyone* who pursued a non-mathematical approach, engaged in process or institutional oriented analytics or market friendly expositions were simply no longer capable of entering into the mainstream conversation. Readers should not doubt my own discontent with both the formalist/empiricist methodological moment and the statism/scientism ideological alliance. To be clear, I consider these developments from 1930 to 1980 to be among the most pernicious intellectual developments of the twentieth century. Scientism kills science. And when, for ideological reasons, we demand from a discipline what it is wholly incapable of doing, yet insist it do it anyway, we not only thwart the scientific progress of the discipline, but corrupt it. Scientism kills, politics corrupts, and economic understanding is destroyed to the detriment of humanity.

But science is our hope and the scientific process of critical engagement and the contestation of our ideas is the only way we can make progress. Everything I just said about thwarting progress and corrupting a discipline must never be understood as an excuse for personality, isolation, and immunization. The arrogance of the eccentric can kill progress in thought just as much as the distortion of science due to methodological error, or political aspiration. We must return to the republic of science and reaffirm the norms of free inquiry.

Building upon the foundational insights in value and cost theory, price theory, and capital theory, the generation of Mises, and his junior colleagues Haberler, Hayek, Machlup, and Morgenstern, developed a decidedly microeconomic approach to understanding economic phenomena. While they certainly recognized macroeconomic phenomena, their scientific approach suggested that only microeconomic explanations would provide understanding. The microeconomic foundations of the Austrian School of Economics, however, was not merely choice-theoretic, but *price-theoretic*, with an emphasis on relative price movements as guides to exchange and production decisions. Their approach was also, especially in the hands of Mises and Hayek, *institutional* in nature: they placed a priority on the framework within which economic life takes place. An institutional framework of property, contract, and consent, is a fundamental pre-requisite for the operation of prices and profit-and-loss. Prices guide, profits lure, and losses discipline within the competitive entrepreneurial market process.

The aggregation and formalism involved in the Keynesian avalanche in economic science and embodied in the neoclassical synthesis of Samuelsonian economics tended to cloud this price-theoretic and institutional analysis of



the economic process. Various counter-revolutions to Keynesian economics emerged, the most important of which were Milton Friedman's alternative monetary framework developed in the 1960s and the subsequent development of New Classical macroeconomics of Robert Lucas and Thomas Sargent in the 1970s. Lucas and Sargent stressed micro-foundations of macroeconomics to counter Keynesianism. Friedman, on the other hand, wasn't as challenging to the Keynesian analytical apparatus, but argued for a host of micro-foundational issues and, more importantly, demonstrated empirically that the Keynesian analytical apparatus had certain relationships wrong, and in some instances backward. In both instances, however, their micro-foundations were more choice-theoretic than price-theoretic, and they more or less ignored institutional analysis. Still, Friedman, and then Lucas and Sargent, transformed modern economics by challenging the Keynesian hegemony in the 1960s and 1970s.

During this time, though, there were parallel developments of a price-theoretic and institutional analysis variety that also rose to challenge the neoclassical synthesis of Samuelson. The property rights economics of Armen Alchian, the law-and-economics of Ronald Coase, the public choice economics of James Buchanan, and the entrepreneurial market process economics of Israel Kirzner. Each of these four challengers to the Samuelsonian mainstream can trace their roots to Mises and Hayek. As James Buchanan once argued, these four schools of thought in economics should be seen a source of consilience, rather than conflict, and that progress in the science of economics will come from the marrying of these different approaches into a new paradigm.

What is important for my purposes is to highlight that these thinkers wrote primarily in prose English and did not follow either the emerging practice of formal modeling, nor did they engage in much or any sophisticated statistical analysis. The model and measure norms of the economics profession in the 1960s and 1970s did not have a strong impact on their mode of exposition. Furthermore, they all cut against the ideological *zeitgeist* of the era by challenging the presumption toward government intervention and raising the prospect of the power of the market to ameliorate social problems. But let us examine some indicators of those thick horizontal relationships that Collins discusses.

Armen Alchian was named the Distinguished Fellow of the American Economic Association in 1996 as well as Harold Demsetz in 2013, so the contribution of property rights economics was widely recognized. Ronald Coase was named the Distinguished Fellow of the American Economic Association in 1979. Coase was also the editor of the *Journal of Law and Economics* for many years, and, of course, was awarded the Nobel Prize in 1991. Gordon Tullock, who can claim to be both a founding figure in law-and-economics, as well as public choice, was named the Distinguished Fellow of the American Economic Association in 1997. He has also been so honored by the American Political Science Association. James Buchanan, of course, won the Nobel Prize in 1986, but prior to that he was named a Distinguished Fellow the American Economic Association in 1983, and he held the following professional responsibilities during his career: the American Economic Association (AEA) Executive Committee, 1966–1968; AEA Vice President, 1971; Southern Economic Association President, 1962–1963;

Public Choice Society President, 1964; Western Economic Association Vice President, 1981–1982; Western Economic Association President, 1983–1984. It is clear that the law-and-economics and public choice economics were recognized by the broad scientific community of economists.

Consider a few other scholars during this period of time who have close affinities to the Austrian School of Economics methodologically, analytically, and social philosophically such as Douglass North (New Institutional Economics), Vernon Smith (Experimental Economics), and Elinor Ostrom (Institutional Analysis of Development). North was named the Distinguished Fellow of the AEA in 2009, but prior to that was President of the Economic History Association in 1972, and President of the Western Economic Association in 1975–1976. North also won the Nobel Prize in 1992. Vernon Smith was Vice President of the Southern Economic Association in 1985–1986; President of Public Choice Society in 1988–1990; Western Economic Association Vice President in 1989–1990, and President in 1990–1991. Smith was named Distinguished Fellow of the American Economic Association in 1992 and won the Nobel Prize in 2002. And, finally, Elinor Ostrom was the President of the Public Choice Society in 1982–1984, and President of the American Political Science Association in 1996–1997. She became the first (and to date only) woman to win the Nobel Prize in Economic Science in 2009.

I realize I might be belaboring a point, but hopefully the reader is starting to see a pattern.<sup>8</sup> Who is missing from my discussion? Israel Kirzner. Kirzner has garnered international recognition for his work in entrepreneurship and market process theory. But for a variety of reasons he was unable to build the sort of horizontal relationships within the economics profession that aforementioned scholars were able to build. Lachmann was locally successful in South Africa and served as President of the Economic Society of South Africa in 1961–1962, but until he started visiting NYU in the 1970s, Lachmann was geographically and intellectually isolated. Perhaps the figure of Kirzner's generation that would have been best positioned to build those horizontal relationships would have been Murray Rothbard, who was a graduate of Columbia. For a variety of reasons Rothbard was even less successful than Kirzner in building those kinds of relationships. Kirzner has not only received international recognition for his work in the field of entrepreneurship and market process, but in 2018 he was named the Distinguished Fellow of the History of Economic Society.<sup>9</sup>

Still, the contemporary Austrian School, despite great growth in membership and thick vertical relationships that that entails, has been hampered by a lack of horizontal relationships. I do not want to explain this in terms of personality, but remember that what kills the vibrancy of any philosophical/scientific/scholarly movement are, according to Collins (1998), various combinations of personality, isolation, and immunizing. It is self-evident that personal characteristics and lifestyle choices matter for how and what roles pivotal players pursue in their careers, but the consequences of scholarly isolation and immunization are less clear and more pernicious. In what follows, I am going to not only try to document the great growth in the Austrian School of Economics in the 1980s to 2018, but also attempt to show some of the problematic trends, and then suggest opportunities

for reversing those trends so that efforts can be made to build thick horizontal professional relationships with an eye to expanding the global *scientific* reach of the contemporary Austrian School of Economics.

#### 4. ALTERNATIVE DISCOURSE COMMUNITIES

I was asked to take over the editing of the *Review of Austrian Economics* (RAE) by Zachary Rolnik of Kluwer Academic Publishing in 1997. The RAE was founded by Murray Rothbard and published its first issue in 1987, so the journal was already 10 years old. Rothbard, unfortunately, had passed away at a relatively young age in 1995, and internal tension had emerged between Kluwer and the editorial team. Zach was looking for a new start, and various voices he trusted pushed him toward me even though I was a relatively young and unestablished academic. It took some time to negotiate the terms of my position and so when I moved from NYU to GMU, the first issue under my editorship appeared during my first year at GMU as a double issue. We had a new editorial board, including now advisory editors Israel Kirzner and Leland Yeager. In that first issue I wrote an editorial to communicate my aspirations for the journal entitled “Is There an Intellectual Market Niche for Austrian Economics?” (Boettke, 1999). As I said in response to my question, I obviously believed that to be the case, otherwise I would not have taken the position as editor. If I didn’t believe that there was a market niche, I wouldn’t have edited the *Elgar Companion to Austrian Economics* (Boettke, 1994), or more recently *The Handbook in Contemporary Austrian Economics* (Boettke, 2012b), or *The Oxford Handbook of Austrian Economics* (Boettke & Coyne, 2015). Readers should understand that I am committed to advancing the ideas of the Austrian School of Economics in the social sciences and humanities even as I am being quite critical of its efforts to date. This is not an attempt to dissuade those interested in Austrian economics from studying Austrian economics. But it is a plea for them to be better they currently are, to think seriously about what it means to advance a *scientific* research program, and to engage in serious scholarship. Do this instead of engaging in faux scholarship, and stop hiding behind the unproductive practices of the cult of personality, the isolated arrogance of the eccentric, and utilizing a variety of immunizing stratagems to avoid critical engagement.

In that 1999 article introducing the newly rethought RAE, I drew inspiration from two old *Journal of Economic Literature* pieces – one by Oskar Morgenstern (1972) and the other by Joan Robinson (1977). Morgenstern listed 13 unresolved problems in economics and encouraged readers to devote their considerable intellectual energies to tackling unresolved problems. Similarly, Robinson identified other unanswered questions in economics, and perhaps opened up space for the consideration of unasked questions. Following their lead, I thought we might find our intellectual market niche in the land of the unresolved and the unanswered. Note that if I was right, we would be encouraging work that was plausible, intrinsically interesting, and creative. And, as such it would transcend the vertical relationships of teacher/student and the parochialism of scientific/scholars school of

thought and reach into the horizontal relationships of the scientific community of economists more generally. Individual Austrian economists would not advance their career by merely doing what conventional thinkers were doing and fitting in, but instead Austrian economists would “dare to be different” and would challenge the “dishwater of the orthodoxy” as Buchanan would put it.

Before we proceed, it might be useful to consider Buchanan’s thoughts on the role of the intellectual dissenter in contemporary science. Buchanan (1982) in his essay titled “The Dishwater of Orthodoxies,” invokes the following quote from George Orwell’s essay on Charles Dickens, where he claims that there are “smelly little orthodoxies which are now contending for our souls.” Orwell describes a true liberal as a bold intellect that is equally hated by all those “smelly” orthodoxies of their day. A person of free intelligence who writes openly and without fear and is *generously* angry with the prevailing falsehoods of the day.

In Buchanan’s (1982) essay titled “The Dishwater of Orthodoxies,” he claims that he and his colleagues in public choice have been confronted by various orthodoxies in methodology and method of analysis in the social and policy sciences and whose implications for political economy and social philosophy while not “smelly,” were nevertheless dangerous. The reason why the orthodoxies he and his colleagues faced didn’t smell is because they weren’t alive enough to stink; the orthodoxies Buchanan faced were “dull, dead, drab, dirty.” But, as Buchanan is quick to point out, one can drown in dishwater nonetheless.

It is the dull, dead, drab, and dirty dishwater of social scientific orthodoxy mid-twentieth century that had to be resisted and drained away so that a new science of association among free and responsible individuals could be developed. Those who held as sacrosanct the efficacy of majoritarian democracy or the necessary efficiency of modern bureaucracy had to be disabused of such notions. This requires disruptive intellectuals. Those who are comfortable in their academic life don’t want to undergo the methodological re-evaluation required to incorporate the dissenters challenge into account in their work. They resist change and seek to cast out the heretic. But as Buchanan points out, when the orthodoxy has been reduced to sputtering *ad hominem* attacks and dismissive name-calling, the heretic has won. Devoid of genuine counterarguments, the orthodoxy has no other recourse.

“The genuine innovator-entrepreneur,” Buchanan writes,

who seeks to challenge, to stir up the dishwater of the orthodoxy, must expect to counter resistance at every stage. At best, he and his fellow [heretics] can hope to find academic settings that are temporarily congenial to their efforts, settings that encourage those who dare to be different.

The context of this essay is the last Liberty Fund sponsored summer conference in Blacksburg, as Buchanan and his colleagues at the Center for Study of Public Choice (CSPC) had recently decided to leave Virginia Polytechnic Institute and State University (VPI) and relocate at GMU. There is an “edge” to the essay, but an edge that, given the context of the internal conflicts that resulted in the relocation of CSPC, makes perfect sense, and as with Orwell’s description of Dicken’s, Buchanan is *generously angry* and not at all *gratuitously angry*, and he is writing openly, without fear, and embracing his responsibilities as a person of free

intelligence. This is the James Buchanan I had as a teacher – Dare to be Different – was his motto to all of us, but he also convinced us that our job was neither to ignore the dishwasher nor to merely learn how to swim in it, but instead to stir it up and to unclog the drain so it might be washed away.

Remember that our task is to steer between the arrogance of the eccentric and acquiescence to prevailing orthodoxy. In making contributions to science we balance the conservative forces (plausibility and intrinsic interest) and the revolutionary forces (creativity), and to do so in a way that avoids the trap of personality, isolation, and immunizing, and embraces instead engagement and contestation. We must learn what the argumentative bar in science is and attempt to clear that bar with bold and original contributions.

The vertical relationships of teacher/student and a well-defined research community are necessary but not sufficient conditions for scientific progress. The modern Austrian School of Economics often dates its resurgence back to a conference held in the summer of 1974 in South Royalton, VT. Some have disputed this standard narrative, for example, Joseph Salerno, and instead date the revival to the early 1960s and the publication of Rothbard's (1962) *Man, Economy and State*. There is merit to Salerno's alternative starting point as the young scholars that gathered in South Royalton were influenced greatly by Rothbard and his work. Kirzner (1973) had, by that time, already published several books himself, including his classic work *Competition and Entrepreneurship*, but Kirzner's works were dense tracts in economic theory and dispassionate scientific tomes. Rothbard's work not only was scholarly and scientific, but also was bold and original and did not shy away from radical conclusions. Once one works through *Man, Economy and State* in a thorough and comprehensive manner, the picture painted concerning the operation of a free economy and the dysfunctions of government intervention is clear. And, let us be honest, it is this picture that inspired many to study economics in depth and, in doing so, to take up not only the challenge of building careers as economic scientists, but also to challenge the prevailing mainstream consensus circa 1970 (in no uncertain terms) methodologically, analytically, and ideologically. This was in place prior to the meeting in South Royalton.

But the South Royalton meeting is a convenient focal point for my discussion because it was an explicit attempt to build a community of scholars whose members had previously been isolated from one another, and, in a serious way, that effort has to be judged a success. Emerging from those meetings came a more coordinated attack on the prevailing mainstream of economic science as faculty rose through the ranks in university and college departments, graduate programs were established, research centers in universities and think tanks outside of universities were established, and book series and scientific journals were established. To provide some evidence for this growth I will document the growth of the Austrian School of Economics by looking at two book series: *Routledge Foundations of the Market Economy* (edited by Mario Rizzo and Lawrence H. White)<sup>10</sup> and *Edward Elgar New Thinking in Political Economy* (edited by me).<sup>11</sup> Both series have been, and continue to be, in operation since the 1990s. These charts show the cumulative growth of the collections, and of course, I would

encourage the reader to look them both up for the titles and the authors, but for my purposes I just want to demonstrate the continuous growth and to remind the reader that prior to the 1974 South Royalton conference the collected works of Austrian Economics in America consisted only of the academic writings of Mises, Hayek, Rothbard, and Kirzner and the more popular works authored by a scattering of individuals of the Old Right and emerging libertarian movement.

First, consider Fig. 1, the growth of the *Foundations of the Market Economy* collection, which began in 1996.

Now consider Fig. 2, the collection with Elgar, which was founded in 1999.

These two series have demonstrated steady and continued growth over the past 20+ years. It is very important for me to stress that these are not the only Austrian School books coming out either. Authors across the globe have contributed and books have been published with leading presses, such as Chicago,

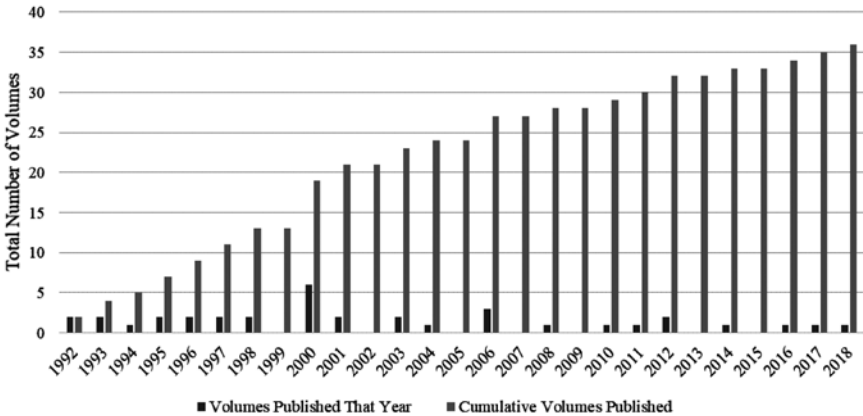


Fig. 1. Growth of Routledge *Foundations of the Market Economy* Collection.

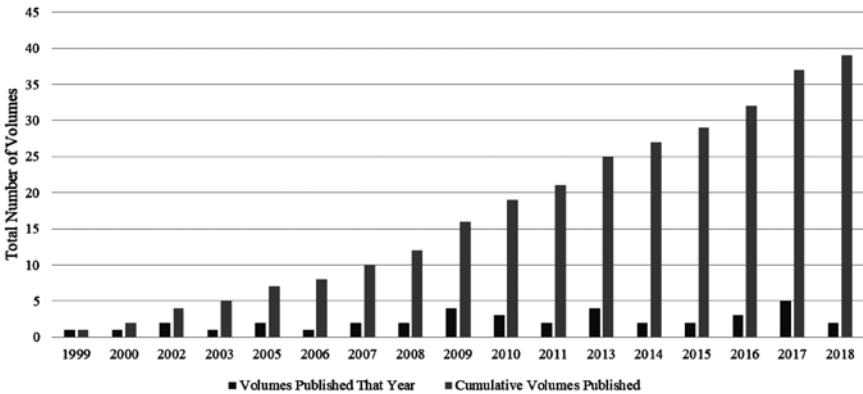


Fig. 2. Growth in Elgar *New Thinking in Political Economy* Book Series, 1999–2018.

Cambridge, Oxford, Princeton, Harvard, and Stanford as well. The great spread globally of the Austrian School of Economics can be seen in the composition of the editorial board of the RAE, as well as in the table of contents of both the *Elgar Companion* (Boettke, 1994) and the *Oxford Handbook* (Boettke & Coyne, 2015). There are scholars working to advance the scientific research program of the Austrian School of Economics in almost every country in the world.

As another indicator look at Fig. 3, the growth of the Society for the Development of Austrian Economics, (SDAE) which meets annually in November and started with an organizing dinner in 1996 and just a few sessions of papers. In 2017, the meetings consisted of 12 sessions (which is a session for every time slot) and a dinner with 118 attendees. Each year awards are given for Best Book, Best Paper, Best Graduate Student Paper, and Best Undergraduate Paper.<sup>12</sup> Again, the list of winners and where they are from can be found at the SDAE website, and again the SDAE is not the only such group. The growth witnessed with the SDAE is but one indicator of the Austrian Schools global growth.

I would also like to draw the reader’s attention to the tremendous growth of the Association of Private Enterprise Education over the past decade as indication of spread of scholarly interest in the ideas of the Austrian School of Economics. Here is Fig. 4, examining attendance to the annual conference. The Association of Private Enterprise Education (APEE) rotates between the conference in the US (Las Vegas, NV) and an offshore site, so the volatility seen in the year-to-year numbers reflects that. However, as the overall trend indicates, there is an amazing

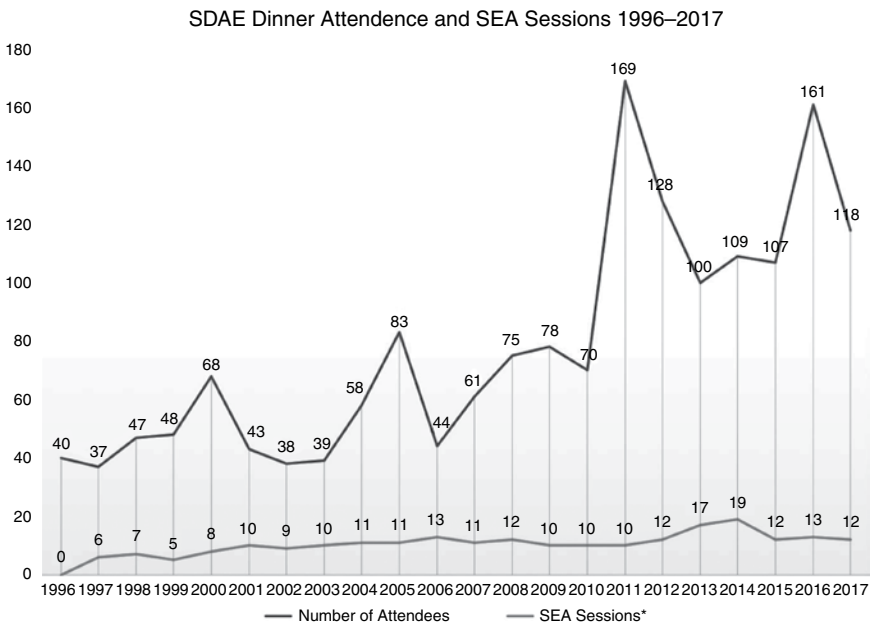
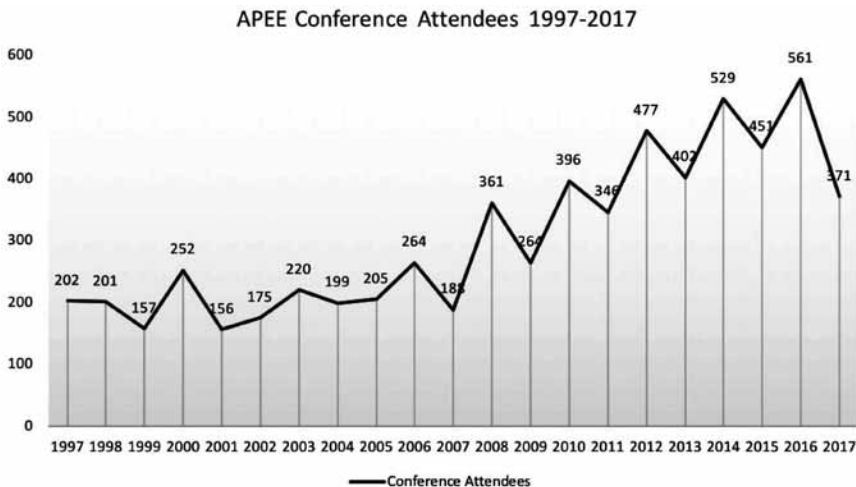


Fig. 3. The Growth of the Society for the Development of Austrian Economics.



*Fig. 4.* Growth of the Association of Private Enterprise Education.

growth in interest in the research program as reflected in the attendance to the APEE meetings:

One last indicator that I want to point to is the production of fresh Ph.D. students interested in the scientific research program of the Austrian School of Economics. Since returning to GMU in 1998, I have chaired over 30 dissertations, and sat on a far greater number of committees in both economics and the School of Public Policy. In addition, I have been on dissertation committees in Europe and Latin America, as well as universities in the US and Canada, all dealing with work advancing the ideas of the Austrian School of Economics. Compare that to the number of dissertation students that Mises or Hayek supervised, or Kirzner, Lachmann, and Rothbard. The growth has been phenomenal and it's not conspicuous production, as all of these graduates are employed in universities and colleges as faculty and administrators, many run their own centers, and several have landed in R1 universities and are now producing their own Ph.D. students. Consequently, the leveraging of Austrian ideas within the academy could be said to be squared as the vertical relationships grow in number – for example, students of students of a teacher.

Given this picture of tremendous growth, why is it that the contemporary Austrian School has lost the attention of the mainstream economic community its intellectual forbearers struggled so hard to acquire? I want to suggest that there is something wrong with the picture I am painting of this tremendous growth. My argument is that this growth, while global, has been centered around [Collins's \(1998\)](#) concept of vertical relationships. What is required for scientific impact within the mainstream, as indicated by the careers and scholarly recognitions of the Viennese Austrians as well as the alternative practitioners of mainline economics who helped orchestrate the counter-revolution to the Keynesian neoclassical synthesis in the second half of the twentieth century, is that from



the thick vertical relationships, thick horizontal relationships be forged. *The* problem of Modern and Contemporary Austrian School of Economics concerns its underinvestment in those horizontal relationships with the broader scientific community of elite economists. Who among the moderns or the contemporaries will be on the organizing committee of the American Economic Association (AEA) meetings, who will serve as VP, or be elected President? Which Austrians could be recognized with a Clark Medal, a Distinguished Fellow Award, or the ultimate recognition the Nobel Prize? With respect to administrative engagement, who among the emerging crowd of Austrian School economists will be seriously considered for an editorship at one of the AEA journals?<sup>13</sup> Some of this can be explained by simple barriers to academic networking that emerge unless one is educated into the elite company of economists. The Massachusetts Institute of Technology (MIT) is higher ranked than NYU, and NYU is higher ranked than GMU. Economics, more than other disciplines, does have a very strict hierarchy of schools and journals that have what one might reasonably claim as monopoly status on elite access in this scientific profession. But whatever the reality is on access to elite status, one must earn it to have the sort of impact I have been raising. Let me be crystal clear, I do not expect more than a few in any generation to rise to such a status from within any school of economic thought – that is why it is called elite – the trouble as I see it, is that nobody within the contemporary Austrian school is doing so, and that should raise serious questions.

You can have a very successful scientific career by maintaining your vertical relationships, but that is not the same thing as having an impactful life as a scientist. The ideas of the Austrian School of Economics, I want to contend, are too important for the science of economics to be kept on the sidelines of the conversation. The sins of omission are too great to ignore. And the sidelines are too prone to the cult of personality, the arrogance of the eccentric in isolation, and the immunizing stratagems that prevent critical engagement and encourage creative evolution.

When I took over the editing of the RAE, as previously mentioned, I issued a statement about my hopes for the journal under my editorship.<sup>14</sup> In many ways, these hopes continue to be realized. We have, I believe, created a space for scholars to tackle those unresolved puzzles, and asked those unanswered questions anew, and hopefully we have cultivated a community of scholars who are exploring new puzzles and asking questions previously unasked. However, if you go back to my 1999 piece, or, for that, matter other pieces in which I am asked to offer a positive picture of the scientific future, I tend to stress – harking back to Lachmann’s letter to me – *applied* work. Do not misconstrue my message. I believe strongly in advancing theory and conceptual clarity, and I have long championed a *genuine institutional economics* as a necessary component to the theoretical framework, but the purpose of theory is to do history. In other words, our investments in theoretical improvements will pay the highest dividends with more and better applied work in economics and political economy. It is in this regard that I believe we perhaps see the source of the difficulties. Consider [Table 1](#), illustrating the allocation of articles published in the RAE over the lifetime of my editorship according to the author’s self-reported (JEL) codes:

**Table 1.** Articles Published in the RAE Sorted by JEL Code, 1998–2017.

JEL Primary Code	Number of Articles
A. General Economics and Teaching	38
B. History of Economic Thought, Methodology, and Heterodox Approaches	247
C. Mathematical and Quantitative Methods	18
D. Microeconomics	93
E. Macroeconomics and Monetary Economics	65
F. International Economics	10
G. Financial Economics	20
H. Public Economics	33
I. Health, Education, and Welfare	3
J. Labour and Demographic Economics	5
K. Law and Economics	34
L. Industrial Organization	37
M: Business Administration, Business Economics, Marketing Accounting, Personnel Economics	14
N: Economic History	24
O: Economic Development, Innovation, Technological Change, and Growth	53
P: Economic Systems	69
Q: Agricultural and Natural Resource Economics, Environments, and Ecological Economics	7
R: Urban, Rural, Regional, Real Estate, and Transportation Economics	10
Y: Miscellaneous Categories	2
Z: Other Special Topics	31

**Table 2.** Articles Published in the AER Sorted by JEL Code, 1998–2017.

JEL Primary Code	Number of Articles
A. General Economics and Teaching	15
B. History of Economic Thought, Methodology, and Heterodox Approaches	6
C. Mathematical and Quantitative Methods	267
D. Microeconomics	950
E. Macroeconomics and Monetary Economics	391
F. International Economics	234
G. Financial Economics	305
H. Public Economics	233
I. Health, Education, and Welfare	232
J. Labour and Demographic Economics	381
K. Law and Economics	88
L. Industrial Organization	351
M: Business Administration, Business Economics, Marketing Accounting, Personnel Economics	77
N: Economic History	82
O: Economic Development, Innovation, Technological Change, and Growth	290
P: Economic Systems	37
Q: Agricultural and Natural Resource Economics, Environments and Ecological Economics	93
R: Urban, Rural, Regional, Real Estate, and Transportation Economics	102
Y: Miscellaneous Categories	0
Z: Other Special Topics	88

Now compare that allocation to [Table 2](#), depicting the allocation published in the AER over that same time period:

The most glaring difference to me is the disparity between the number of articles published in the RAE that fall under the category of history of economic thought and methodology (247) and the number of articles published in the same category in the AER (6). While in some sense the RAE and the AER really should be just about how you arrange those letters, it turns out that the way those letters are arranged makes all the difference in the world for the type of discourse community in science you are engaged with.<sup>15</sup> Keep in mind that the AER publishes far more papers per year than the RAE, thus the intellectual/cultural gap is perhaps even wider than indicated. I'd like to suggest that this line of comparison is more important than other quite glaring categorical disparities such as quantitative methods, where the RAE has only published 18 papers, but the AER has published 267. Why do I say that? Because Austrian School economists cannot close the cultural gap by attempting to formalize their theories. For example, Nicolaas Vriend's "Was Hayek an ACE?" has received only 144 citations according to Google Scholar since its publication in 2002 in the *Southern Economic Journal*.<sup>16</sup> That isn't shabby by any stretch of the imagination, but it also isn't changing perceptions of how we do science. Next consider the fate of Andrew Yates's "The Knowledge Problem, Entrepreneurial Discovery, and Austrian Market Process Theory," that was published not in a regional journal such as the *Southern Economic Journal*, or an "Austrian" journals such as the RAE, but in one of the more prestigious journals in the profession, the *Journal of Economic Theory*. Since 2000, that paper has garnered only 43 citations according to Google Scholar.<sup>17</sup>

Mathematical modeling is not the secret to building those thick horizontal relationships in the economics profession, but better, and more, applied work is. Work on the Economic Freedom Index, for example, has garnered over 5,000 citations. Nicolai Foss in the field of management and entrepreneurship has produced several articles that have over 500 citations each and garnered over 28,000 citations to date in his career.<sup>18</sup> Peter Leeson in a career that is little over a decade old already has produced at least five papers with over 200 citations each, and at least a dozen others with over 100 citations each. So applied work in a variety of fields can travel from the vertical relationships of the community of "Austrians" to the horizontal relationships of the broader community of social scientists. One example might be the paper by Lawrence White and George Selgin (along with W. D. Lastrapes) on "Has the Fed been a failure?" that was published in the *Journal of Macroeconomics* in 2012 has already received over 100 citations.

This is not meant to be exhaustive list, but through this random sampling one can see that individuals within the "Austrian" camp have, and do, succeed in earning a hearing in the broader community of scientists. It is important to note that contemporary Austrians do not consistently publish in the top five journals and their citation patterns are not of the sort that moves a scientific community.<sup>19</sup> There are of course competing explanations for the lack of Austrian engagement, but exhortations to do better work, or to do higher quality applied work can only go so far. This brings me to a possible remedy for the Austrian school's distinct

lack of horizontal relationships: perhaps the issue is that “Austrians” are engaging the wrong discourse community.

As has been recognized for years, the Austrian School of Economics was understood as sharing many similarities with the older discipline of the moral sciences. Its various practitioners insisted on the value-free nature of their inquiry and on the technical precision of their analytical economics, but they all, from Menger to Mises to Hayek, understood that economic life took place against a backdrop of legal, political, and social institutions. In fact, from Menger to Hayek, explanations concerning that institutional background were regarded as some of the most, if not *the* most important questions a social theorist could contemplate. Because of its similarities with the moral sciences and emphasis on institutional background, those pursuing the “Austrian” approach to social scientific inquiry might find natural discourse communities in the fields of history, law, philosophy, politics, and sociology.

Mises’s (1951) subtitle to his book *Socialism* is “An Economic and Sociological Analysis,” and he continued to use the term “sociology” through the 1920s and into the 1930s as his *Epistemological Problems of Economics* (Mises, 1933) makes clear. Shortly after that, however, he substituted the term praxeology due to what he considered a misguided intellectual turn in sociology facilitated by the influence of Emile Durkheim. Years later when Ludwig Lachmann reviewed Mises’s ([1949] 1966) great work *Human Action*, he reminded readers that Mises was indeed engaged in a continuation of the work of the great sociologist Max Weber. While this assertion may be debatable, it is not entirely unfounded and is a plausible enough reading of Mises that I can make my point: are Austrian economists missing an opportunity for building horizontal relationships in the field

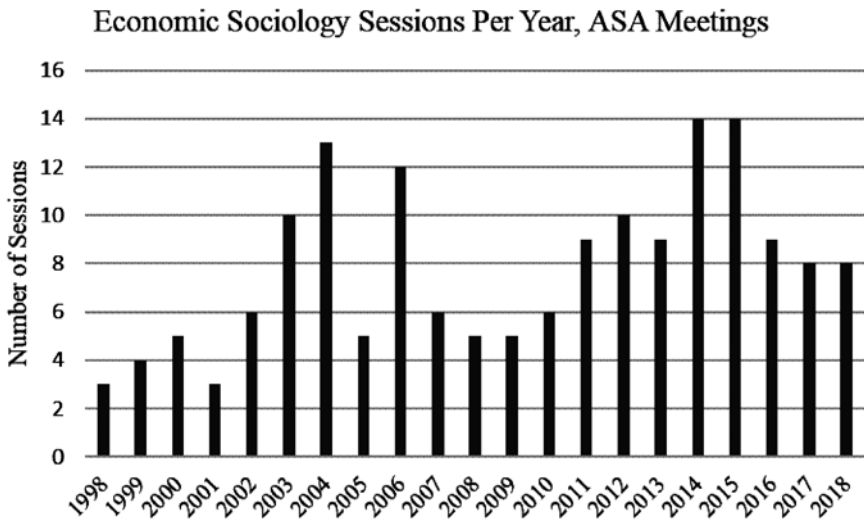


Fig. 5. Number of Session Devoted to Economic Sociology at American Sociological Association Meeting.

of sociology? One natural discourse community among sociologists would be those individuals working in the field of economic sociology. Looking at Fig. 5, the number of sessions devoted to economic sociology at the annual American Sociological Association meetings is instructive, however:

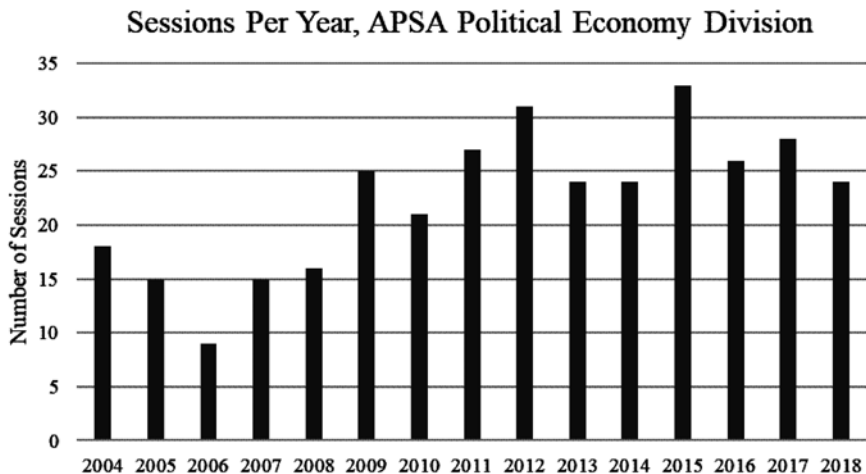
This shows an active community, but one that has perhaps reached its peak.

Instead of turning to sociology, the “Austrians” could also work productively with the field of political economy within political science. The Austrian school already shares close affinities with major public choice thinkers such as James Buchanan. In Table 3, we have data on the journal *Public Choice* in terms of sorting by self-reported JEL codes. The journal is generally closer to the AER than the RAE, but deviates significantly from the AER with respect to its intellectual temperament, a trait it shares with the RAE:

This becomes very clear if one recalls Buchanan’s plea that we must marry the property-rights economics of Alchian and Demsetz, the law-and-economics approach of Ronald Coase, the public-choice analysis of Buchanan and Tullock, and the market process economics of Mises, Hayek, and Kirzner in order to develop a genuine institutional economics that can stand alongside mainstream economics as the core theoretical apparatus of the discipline. That discipline, as Buchanan (1964) most clearly elucidated in his classic essay “What Should Economists Do?” would require that modern economics once more be placed within the broader disciplines of political economy and social philosophy. As Buchanan (1958) put it in his description of the Thomas Jefferson Center for Studies in Political Economy and Social Philosophy, the

**Table 3.** Articles Published in *Public Choice* Sorted by JEL Code, 1998–2017.

JEL Primary Code	Number of Articles
A. General Economics and Teaching	8
B. History of Economic Thought, Methodology, and Heterodox Approaches	23
C. Mathematical and Quantitative Methods	146
D. Microeconomics	444
E. Macroeconomics and Monetary Economics	61
F. International Economics	56
G. Financial Economics	17
H. Public Economics	322
I. Health, Education and Welfare	23
J. Labour and Demographic Economics	31
K. Law and Economics	57
L. Industrial Organization	45
M: Business Administration, Business Economics, Marketing Accounting, Personnel Economics	8
N: Economic History	24
O: Economic Development, Innovation, Technological Change and Growth	81
P: Economic Systems	66
Q: Agricultural and Natural Resource Economics, Environments and Ecological Economics	22
R: Urban, Rural, Regional, Real Estate, and Transportation Economics	19
Y: Miscellaneous Categories	1
Z: Other Special Topics	35



*Fig. 6.* Sessions at the Annual American Political Science Association Categorized as Political Economy.

idea is to carry on the grand and honorable tradition of political economy practiced at its finest.

Perhaps then the natural discourse community for “Austrians” to build thick horizontal relationships with is the community of political economists inside economics and outside in political science. Look at [Fig. 6](#), the sessions at the annual American Political Science Association meetings categorized as political economy:

This reflects a more vibrant community of scholars than that of economic sociologists. Let me stress, however, that conceptual, theoretical, and history of thought work in either of these groups may be met with some resistance – perhaps not the level of resistance seen in contemporary mainstream economics, but resistance nevertheless. The focus will once more be on applied work.

Finally, I would like to bring attention to one of the most talked about movements in recent years in the history profession: the history of capitalism movement. This literature invites more history of ideas work, but, from an economist’s point of view, is horrendously plagued by conceptual confusions and weak data analysis for the historical periods being examined. The challenges present in the history of capitalism movement are wholly different from those faced by the discourse communities previously mentioned: economics, sociology, and political science. But with great challenges comes great opportunities that “Austrians” may be in the best position to resolve. It would be silly to deny the challenges of a methodological, analytical, and ideological nature that “Austrians” face in each of these separate discourse communities. But face them we must.

One of the issues that keeps pulling one toward economics as the natural home that cannot be ignored as well, is career opportunities for professional economists. Economics produces an increasing number of Ph.D.s, but job opportunities for economists both inside and outside of academia more closely matches the number of new Ph.D.s produced annually, relative to other social sciences. On the

other hand, the fields of history, sociology, and political science have significant gaps between the number of Ph.D.s awarded and the job opportunities available to those recent Ph.D.s (history having the largest gap and political science having the smallest gap), but it is important to note that these three alternative discourse communities are, relatively speaking, “thin” labor markets compared to the “thicker” labor market for economists. That might change over the course of the next few decades, but for now that is a significant constraint that the aspiring academic must take into account in weighing the relative costs and benefits of different discourse communities to join. And to be frank, this fact of employment opportunities and the return on investment in human capital in terms of expected future earnings provides a strong inducement for Austrian School economists continuing to develop those rich and thick vertical relationships, as well as using that base to develop the thick horizontal relationships within the *economics* profession to ensure the viability and vibrancy of the Austrian School of Economics as a progressive scientific research program. Perhaps the business disciplines might offer the best of both worlds as well, but at the moment the market for economists is a thicker market than the market for business school professors.

## 5. CONCLUSION

Back in graduate school my close friend and classmate David Prychitko told me that our generation of Austrian economists should embrace a culture of criticism. We needed to not celebrate people just because they wanted to work on ideas closely associated with the writings of Menger, Mises, and Hayek. We had to become vociferous critics and especially with regard to the work of our closest friends. Dave argued that this was in fact the way to be a good friend in the sphere of science. His argument was two-fold: (1) as scientific learners, we should invite harsh criticism because if our positions are weak, we will learn and become better scientists through the correction of our errors; and (2) as scientific learners, we should invite harsh criticisms because if our positions are strong, they will become stronger by testing them against the most severe critical gaze one could cast upon them. Dave’s analysis made sense then and it continues to make sense today. The Austrian school of economics as a scientific discipline does not need enthusiastic cheerleaders, but curious, creative, and critical scholars who are willing to take the arguments as they develop them, and the evidence as they discover it, wherever it leads them. And in the process exhibit the ability to think clearly, speak clearly, and write clearly in addressing foundational issues in economic theory and tackling pressing issues in applied economics and political economy.

Remember those lessons from Polanyi and Collins about what constitutes a contribution to science and what defines a vibrant and creative community. The members must understand the argumentative bar that must be met, but they cannot learn how high that bar is by restricting their engagement to those with whom they already agree. They must try to engage with and earn a hearing from those not predisposed to agree with them. Vibrant and creative communities certainly have very thick vertical relationships of teacher/student, and an

interlocking network of teacher/student relationships within a general methodological, analytical, and ideological shared framework. But the best and most influential of the vibrant and creative communities are not content with the vertical relationships, they develop horizontal relationships within their chosen scientific discipline. This is where the contemporary Austrian School of Economics has fallen short of its potential.

Milton Friedman once remarked that there is no Austrian economics, or Chicago economics, there is only good economics and bad economics. He was certainly correct. But just as he would have insisted that insights associated with the Chicago School of Economics had to be incorporated into the mainstream teaching of economics for mainstream economics to be “good,” I would argue that it is only when the ideas of Menger, Mises, Hayek, and Kirzner are fully incorporated into the teachings and practices of elite economic scientists will the mainstream once more reflect the grand and honorable tradition of mainline economics and political economy that traces at least from Adam Smith and continues in the work of F. A. Hayek, James Buchanan, and Vernon Smith.

Contemporary practitioners of Austrian economics will always have much to learn from thorough examinations and commitments to the ideas found in the works of Menger, Bohm-Bawerk, Wieser, Schumpeter, Mises, Hayek, Haberler, Machlup, Morgenstern, as well as Kirzner, Lachmann and Rothbard. But contemporary practitioners must also study and seek to emulate the professional example set by Machlup. He focused his energies on developing horizontal relationships within the broader community of social scientists to help advance the ideas he learned from vertical relationships in the Austrian school back in Vienna. He made mistakes in judgment, and in analysis, no doubt, but he was engaged thoroughly with the scientific elite of the economics profession. He didn't let the important ideas of methodological individualism, of subjectivism of value, cost, and expectations, of time, of competitive processes, of spontaneous order, etc. stagnate due to a cult of personality, the arrogance of the eccentric happy in isolation, and the immunizing stratagems that kill creativity and learning. If I was to rewrite my editorial aspiration today, it would emphasize the invitation to inquiry, it would urge Austrians to grapple with the unsettled puzzles and contemplate unanswered questions, and it would stress applied work. However, I think I'd offer one additional challenge to my potential contributors: embrace the Machlupian level of engagement with one's scientific peers outside of the comfort zone of other Austrians. Personally, I think the internal disputes within the Austrian school are far less productive than the potential gains from exchange and critical engagement with other discourse communities.

So, what is still wrong with the Austrian School of Economics? We have grown too comfortable in our vertical relationships; however necessary they may be. And we have, as a community, not invested enough in the vital exercise of horizontal relationship building (whether that is with others in economics, or the other discourse communities I listed above). That means we must cultivate an explicit awareness of Polanyi's insights about plausible, intrinsically interesting, and creative research agendas, and must therefore regard our work as a productive input into the ongoing research production function of others within the



broader community of economists, political economists, and social theorists. At the level of teaching, it means presenting in as clear and persuasive a manner as possible the great insights of the mainline of economics and political economy, from Adam Smith to F. A. Hayek. It means understanding the evolution of ideas, their debates and the challenges, and to be respectful and engaging with respect to the critics of mainline economics. Again, it is important to remember the Bastiat warning that the worst thing that can happen to a good cause is not to be artfully critiqued but to be ineptly defended. Don't be an inept teacher and researcher. And, as a citizen of the Republic of Science, embrace your role enthusiastically and without reservation. Be a competent referee, jump at opportunities to serve on organizing committees when asked, and, when asked to assume leadership roles, do so with a purpose and with professionalism.

I have told generations of graduate students interested in talking to the wider economics and political science profession to think like a Misesian but write like a Popperian.<sup>20</sup> That formula produces, I would argue, Hayek, and it is no surprise to me that Hayek emerges not only as Mises most gifted and scientifically productive student, but also the student of Mises that had the greatest impact scientifically.<sup>21</sup> Given the state of contemporary Austrian economics, I might reformulate my advice as follows: research like Hayek but be professionally engaged like Machlup. This formulation produces a close approximation of James Buchanan. We need to emulate James Buchanan's daring to be different and his disdain for the dishwater of the orthodoxy; we must not ignore the dishwater, nor must we learn to swim in it. Rather, like Buchanan, one should aspire to be so engaged that you might just be able to unclog the drain, and be so creative that you might be able to wash away the dishwater and be so productive that you can fill the sink of knowledge with fresh water that is capable of satisfying our thirst for creativity and new knowledge. This is where the promise of Austrian economics in the twenty-first century will be found.

## ACKNOWLEDGMENTS

I want to thank the research assistance of Scott King and Henry Thompson, and Jessica Carges for editorial assistance. I benefited greatly from a seminar discussion at Texas Tech University on an earlier draft of this chapter. The usual caveat applies.

## NOTES

1. For more information, see <https://www.aeaweb.org/about-aea/leadership/officers/past-officers/presidents>

2. For more information, see <https://www.aeaweb.org/about-aea/honors-awards/distinguished-fellows>

3. I have defined mainline economics as the core substantive propositions one finds in history of economic thought dating from Adam Smith to Vernon Smith, and in particular how these thinkers square the self-interest postulate with the invisible hand proposition via institutional analysis. Mainstream economics, on the other hand, is simply a designation

of what is considered scientifically fashionable among elite economists at any particular moment in time. Sometimes the mainstream dovetails with the mainline, but other times the mainstream deviates significantly from the mainline and it is in those moments that various schools of thought rise to act entrepreneurially to agitate and bring the mainstream back in-line with the mainline. This can be seen, for example, in the post WWII era with the rise of property rights economics, law-and-economics, public choice economics, and the market process economics of the modern Austrian School of Economics.

4. Berger's (2011) account of his interactions with me can be found in his book, *Adventures of an Accidental Sociologists* (p. 213).

5. The letter did not come out of the blue, I had known Lachmann since my first year in graduate school when I was entrusted to pick him up and bring him back to the train station in DC when he would visit GMU. As we drove in the city traffic he would insist that I pay attention to the road rather than discuss economics with him, but once we hit the freeway he would say in his characteristic voice, "Now we can discuss economics." And those conversations were always fascinating exercises in exploring the depths of theory and methodology.

6. For more information, see <https://www.peter-boettke.com/former-students/>

7. See Erwin Dekker's (2016) *The Viennese Students of Civilization* and also see his earlier paper dealing with the migration of the Austrian tradition "Left Luggage" (2014).

8. In my discussion of the growth of the Austrian School, I will discuss the Society for the Development of Austrian Economics, of which many contemporary self-identified "Austrians" have contributed, but for the purpose of this paper I will maintain that the SDAE is more in line with vertical relationships rather than horizontal. It is the lack of building horizontal relationships which I believe to be the biggest problem with the recent history of the Austrian School of Economics.

9. I should mention that fellow traveler Leland Yeager did serve as President of the Southern Economic Association, 1974–1975; Karen Vaughn served as Southern Economic President, 1994–1995; Randall Holcombe served as President of Public Choice Society, 2006–2008; and I served as Southern Economics Association, Vice President, 2013–2015, and then President, 2015–2017.

10. For more information, see <https://www.routledge.com/Routledge-Foundations-of-the-Market-Economy/book-series/SE0104>

11. For more information, see [https://www.e-elgar.com/shop/books?book\\_series=New%20Thinking%20in%20Political%20Economy%20series](https://www.e-elgar.com/shop/books?book_series=New%20Thinking%20in%20Political%20Economy%20series)

12. For more information, see <https://www.sdaeonline.org/prizes/>

13. It is important for me to stress that the past few generations of scholars trained in the Austrian school can count among its ranks those who have published in top journals in the economics and political science profession, and arguably even in highly regarded journals in business, history, law, and philosophy. And, certainly they have published works with leading academic publishers, and have been appointed to editorial boards of very respectable social scientific and humanities journals. Personally, not only do I edit the RAE and my series with Elgar, but I am an Associate Editor of *Journal of Economic Behavior and Organization*, part of the International Advisory Board to *Journal of Institutional Economics* and the co-editor with Timur Kuran of a book series with Cambridge University Press, and the editor of an Elements series with Cambridge University Press on Austrian Economics. I am very happy, and, in fact, proud of my association with these ventures and the scientific/scholarly product being produced. And I am not alone among scholars from the generation before me, and the generation after me. But none of us have been able to replicate the level of engagement with the *elite* of the academic disciplines that Fritz Machlup or James Buchanan did in their respective careers. My point is simple -- that matters, and as the numbers grow the absence of that sort of professional engagement becomes more conspicuous and necessary to explain if one is going to address the lingering difficulties a scientific research program is facing.

14. Another indicator of the growth of the Austrian School of Economics is also the number of dedicated journals to ongoing research in the field. If I just limit myself to English language and self-identified "Austrian" journals there are at a minimum three

unique publication outlets: RAE, *Advances in Austrian Economics* and *Quarterly Journal of Austrian Economics*. The challenge is only 1 of these -- the RAE -- is listed with the SSCI, and that is the limited listing of “emerging source citation index” (ESCI). The lack of full SSCI status for the RAE is perhaps the biggest frustration of my tenure as editor because that status has serious implications for the way impact factor is measured, etc.

15. There may be a very serious coding problem with this measurement approach because the JEL codes automatically place Austrian economics in the history of thought and/or heterodox category. I am just noting this, but not changing it for the simple reason that this alone suggests the cultural divide we face. The way Austrian economists discourse, even about contemporary theoretical debates, and even contemporary history, begins with a deep respect for intellectual history. Again, let me be crystal clear, I think this respect for history of ideas in political economy is the right way to approach our science and practice scholarship, and I have made this affirmative argument in several journal articles throughout my career. But it does highlight a major cultural difference between the way Austrian economists approach their discipline and the way the vast majority of economists approach the discipline. The critical question is not how should Austrian economists change their practice, but can they find useful opportunities for mutually beneficially scholarly exchange with others in wake of this cultural divide.

16. For more information, see <https://scholar.google.com/scholar?um=1&ie=UTF-8&lr&cites=14395463910215713829>

17. For more information, see <https://scholar.google.com/scholar?um=1&ie=UTF-8&lr&cites=10784080849141116841>

18. For more information, see <https://scholar.google.com/citations?user=b9O5m-cAAAJ&hl=en>

19. Just to put some perspective Andrei Shleifer has multiple articles with over 10,000 citations and his “Law and Finance” classic has over 20,000, and his cumulative citations are over 200,000; Daron Acemoglu has over 120,000 lifetime citations, and “The Colonial Origins of Comparative Development” has over 11,000; Esther Duflo (a junior colleague to Shleifer and Acemoglu, and the current editor of the AER) has over 47,000 lifetime citations.

20. This should not be read as an abandonment of Misesian apriorism, but it is important to remember the subtle points Mises raises about apriorism and empirical analysis in *Human Action* ([1949] 1966, 66) as opposed to the mischaracterization of his position that is often repeated. I am, however, making a pragmatic and rhetorical point about communicating with others in a profession that does not invest the time and effort in subtle epistemological reasons and has certain methodological biases that must be treated as given when presenting applied work to one’s peers.

21. In [Boettke \(2018\)](#), I provide a citation study for Hayek as Appendix A and one can see the deep impact he has had in the field of economics. Also see <https://ppe.mercatus.org/essays/living-bibliography-works-hayek>

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