

Teaching Austrian Economics to Graduate Students

*Peter J. Boettke*¹

Abstract

Teaching Austrian economics to graduate students is an important part of spreading Austrian ideas through the profession. In the classroom it is important for graduate students to not only master the ideas of Austrian economics but also to train them to become productive scholars within the profession. Students must learn to follow their interests and engage in their comparative advantage within the profession. You are what you write. This article explains my teaching strategy as well as my advice to the two generations of students I have taught as a graduate student teacher in Austrian Economics.

“Economics is not just a game to be played by clever people.”

Gary Becker²

I took as my charge for this symposium to summarize what I have learned during my time among “the econ” tribe and in particular the interaction with and training of “grads” within that community for the purposes of scientific development and academic career enhancement.

In the Classroom

In the classroom my courses at the Ph.D. level are designed for students aiming to become scholars in the field of economics. This requires the students to be familiar with the necessary literature, be able to intelligently discuss the literature, and make their own contributions to the discipline. The classes are discussion based around the relevant texts for the given class. For example, my Austrian I class at GMU focuses primarily around Ludwig von Mises’ *Human Action*, F.A. Hayek’s *Individualism and Economic Order*, Israel Kirzner’s *Competition and Entrepreneurship*, and Murray Rothbard’s *Man, Economy, and State*. These books expose students to the methodological arguments as well as economic issues such as monetary theory, capital theory, and market process theory developed by the Austrian school. Students also read modern scholars outside the Austrian tradition but whose ideas are in line with Austrian ideas.

The Placing of Graduate Students: The Role of Austrians in the Profession

The first thing I should state as a preliminary is that I know of no single instance of a successful stealth strategy in academics.⁴ You are what you write and we compete in a very competitive business with seriously skilled people, you cannot “fake out” the competition. Once you leave doing Austrian economics and classical liberal political economy, you leave it. The most successful people are those who make significant contributions to those areas and become known for the positions they take --- Rothbard (2006; 2009) for anarcho-capitalism, Kirzner (1978; 1996) for entrepreneurship and market process theory, Lavoie (1985) for the critique of socialism, Caldwell (2005) for Hayek and methodology, Rizzo (2005) for law and economics and the philosophy of economics, Selgin and White (1994) for free banking, Garrison (2000) and Horwitz (2000) on macroeconomics, Wagner (2009) for public finance and fiscal sociology, Koppl (2002) for “Big Players”, Stringham (2003) on anarcho-capitalism, Leeson (2007; 2009) on self-governance, Coyne (2007) on after war reconstruction, Powell (2006) on sweatshops, etc.

The second thing I should state clearly is what I mean by success in academia. I think we can all agree that our goal as professional economists is in fact to publish path-breaking work that finds an outlet in high profile professional journals and receives significant citations. Moreover, I think we can agree that our goal as teachers of economics is to have the opportunity to teach the best and brightest students of each generation. In short, our goal is: to publish in the *American Economic Review (AER)* not the *Review of Austrian Economics (RAE)*, or the *Quarterly Journal of Economics* not the *Quarterly Journal of Austrian Economics*; to hold positions at Harvard University, the University of Chicago, Princeton University, Stanford University, or MIT rather than GMU, West Virginia University, Clemson University, Florida State University or Suffolk University; and to teach at Williams College, Amherst College, and Swarthmore College not Grove City College, Hillsdale College, St. Lawrence University, or Beloit College. It is what it is, and to deny reality is to make a serious mistake. As Andrew Schotter, then department chairman at NYU, said to me when he hired me “Look, you want to play for the New York Yankees not the Toledo Mud Hens, right?” When he said that to me in 1990 it made perfect sense, and it made perfect sense to me when I was sent back to “Toledo” in 1997 after being denied tenure and

⁴ I have benefited greatly in my career from my close and constant involvement with 3 institutions: FEE, IHS, and Liberty Fund. IHS especially was very important to me, however, I do think certain individuals working at IHS have often communicated the wrong message to aspiring academics by encouraging a stealth strategy that is not effective. On the other hand, I am convinced just as strongly that the opposite strategy of dogmatic insulation and professional isolation is counter-productive for a scholarly movement. This is a message that some individuals associated with the Ludwig von Mises Institute have appeared to stress among their cadre. Between pure careerism and blind dogmatism an intellectual movement finds the way forward. Randall Collins’s (1998) work *The Sociology of Philosophies* is perhaps the best work on the intellectual movement characteristics that are progressive, retrogressive, and self-destructive. It is my belief that modern Austrian economics has had too much retrogressive and self-destructive tendencies and not enough progressive elements.

promotion.⁵ And, it still does make perfect sense to me today.⁶ We want to make in the “show”; nothing less will ultimately satisfy our scientific ambitions. Our goals and our reality are not aligned at the moment, which just means we have our work cut out for us. We must always remember what Frank Knight stressed – “to say a situation is hopeless is to say it is ideal”. We are obviously far from ideal, so it is not hopeless. So let’s get to work.

Just to be clear, what we are trying to pull off is no less of an accomplishment than what happened with the Keynesian revolution mid 20th century. We want to place an Austrian inspired economist in every university and college in the US within the next 30 years, and clusters of centers for research and education in 20 or more schools, with half of those being in graduate programs and at least 1 or 2 in elite PhD programs.

Furthermore, I should be clear as to what I mean by “Austrian economist.” As a matter of personal biography, I studied as an undergraduate at Grove City College with Hans Sennholz (Mises’s first PhD student in the US, see for example, Boettke (2002) and Sennholz (1979)), did my PhD at GMU with Don Lavoie (Israel Kirzner’s PhD student at NYU, see Lavoie (1985)) and then worked at NYU for my formative assistant professorship years with Israel Kirzner (Mises’s most academically successful PhD student in the US, see Kirzner (1978; 1996)). I was the managing editor of *Market Process* (Boettke and Prychitko 1994; 1998), founding editor of *Advances in Austrian Economics*, and have been since 1998 editor of *Review of Austrian Economics*, along the way I also edited books such as *The Elgar Companion to Austrian Economics* (1994), *The Intellectual Legacy of F. A. Hayek*, 3 volumes (2000), *The Intellectual Legacy of Ludwig von Mises*, 2 volumes (Boettke and Leeson 2006), and *The Collected Works of Israel M. Kirzner* (Kirzner 2009). My “Austrian” credentials both educationally and what I have done with my publishing and my teaching are at matter of the public record, and easily seen through a perusal of my CV or a quick visit to my webpage (<http://econfaculty.gmu.edu/pboettke/>) or my contributions to the blog-spot, Coordination Problem (<http://www.coordinationproblem.org/>). But I take it, that the main thing that makes someone an Austrian is not the willingness to identify one’s work with that label, but the substantive propositions in economics that an economist identifies with.⁷ These substantive propositions relate to both questions of method and methodology in economics and political economy. And once we realize that it is not a label, but an approach you take and the positions you hold, then we have to admit that good economics and political economy is not the exclusive domain of those who are willing to label their work as Austrian. Instead, there are many economists and political economists who we can learn from throughout the history of our discipline and it would be intellectually ridiculous to not take advantage of that opportunity.

And we have no better intellectual role models in this endeavor of constantly learning from professional peers than Mises and Hayek. They both objected to being labeled, though they were both proud of their educational and intellectual heritage in Vienna; and yet it is generally recognized that they both contributed

⁵ I left NYU in 1997 to teach at Manhattan College, an excellent undergraduate college that also had an MBA program. I maintained my affiliation with NYU and edited *Advances in Austrian Economics* out of my NYU office that academic year. But I learned a very important lesson that year and that was how much I missed teaching graduate students in economics, so when the opportunity to join a graduate faculty again at GMU was offered I jumped at it – forgoing an alternative offer as a chaired professor at Carthage College and a rather comfortable life at Manhattan College with a research affiliation at NYU. The experience taught me a lot and when I relocated to GMU, I did approach working with the graduate students differently than I had while at NYU as an assistant professor.

⁶ Michael Lewis’s (2003) *Moneyball: The Art of Winning an Unfair Game* had a very significant impact on the way I have thought about building our department and centers of research at GMU. GMU is not analogous to the Toledo Mud Hens, but instead to the Oakland A’s. Schools such as Chicago, Harvard, MIT, Princeton, and Stanford are analogous to the NY Yankees, Boston Red Sox’s, and LA Dodgers. In other words, how are small market teams to compete with the big budget teams in the majors? It requires a different hiring, retention and promotion strategy than that followed by the major market franchises. As James Buchanan argued when he basically created the PhD program at GMU, you have to “dare to be different”, or as Vernon Smith said when he made one of his academic moves to a department of lower rank by conventional standards, “any department that will support my work is by definition of first-class department in my eyes.” GMU is a unique educational environment precisely because we have dared to be different and strike out in our own direction to support research and educational efforts in Austrian economics, experimental economics, history of economic thought, law and economics, public choice economics as well as conventional training in micro, macro, math and econometrics.

⁷ See my essay on “The Austrian School of Economics” in David Henderson’s edited *A Concise Encyclopedia of Economics* (<http://www.econlib.org/library/Enc/AustrianSchoolofEconomics.html>) and also my edited volume *The Handbook of Contemporary Austrian Economics* (Edward Elgar, 2010).

more to our self-understanding of modern Austrian economics than any other scholars. It is the work found in Mises's *Human Action* and Hayek's *Individualism and Economic Order* that set that agenda for the progressive development of Austrian economics and classical liberal political economy in the second half of the 20th century and beyond.

My message to graduate students is to learn from Mises and Hayek in the way that they approached their research and teaching in economics and political economy. And that means that unless you are doing intellectual history work, your goal in writing papers should be to adopt arguments and make them your own and develop them in your unique intellectual context and engage your peers. It is not faithfulness in citation practices to the masters, and certainly not the number of block quotes you can provide from them, that makes a paper a worthy contribution to "Austrian" economics. It is instead the quality of the argument that you make, and its relevance to solving a significant problem in the economic and/or policy world. Deirdre McCloskey is right, every paper should be able to answer the "so what" question easily or perhaps it shouldn't be written.

Advice to Austrian Graduate Students

So now that we have dispensed with the preliminaries, let me state 5 points that I have found as essential for getting Austrian graduate students on the right track to building a successful research and teaching career.⁸

1. What you emphasize in the phrase Austrian economics matters for how and who you interact with. If you emphasize Austrian economics, then you are led to stress philosophical foundations and methodological positions. If you emphasize Austrian economics, then you are led to stress substantive propositions in economic reasoning and applications. It is easier to communicate with your peers in economics if you do economics, and it is easier to talk to other social scientists and philosophers if you work on philosophy and methodology. And with historians it is 50/50. Bottom line – whichever side you come down on (Austrian or economics) strive to work with the best minds in the relevant disciplines. Don't spend your time talking only to those who share both the Austrian and the economics!
2. Academic life is too short and your professional colleagues are too interesting to emphasize differences, rather than commonalities. Constantly seek to find common ground from which to work with the purpose of tackling relevant problems. It is not the sins of commission that are most damaging for the advancement of economics, but the sins of omission.⁹ Moreover, the intellectual inheritance of Mises and Hayek is too important in addressing the sins of omission to be appreciated only by a select few. Our task is one of engagement with our colleagues and our students, not isolation and insulation. If Mises and Hayek are as brilliant and as full of essential insights as we claim, then we should strive to make sure that every practicing economist and student of economics in the world comes to that same assessment of their work.
3. Students need to absorb the basic logic of the economic way of thinking, and they need to learn the "language" of modern economics,¹⁰ but they should not try to compete on that margin – that is not their comparative advantage. Students need to "dare to be different" without being incompetent in the discipline. But they should also never forget why they got into economics in the first place and what that initial passion for the subject (a passion so strong that they decided to

⁸ These can be applicable to succeeding in other fields of academia as well.

⁹ This is the advice that was given to me by Mancur Olson over dinner one night after he had read my paper "Where Did Economics Go Wrong?" (Boettke 1997); he strongly encouraged me to curtail my efforts at methodological evangelism and to concentrate on my work in comparative political economy. I have increasingly followed his advice in the years since, but I retain a strong intellectual commitment to methodology primarily because it is methodology that determines not only what are deemed good questions to pursue in economics but perhaps more importantly what are considered a good answers to those questions.

¹⁰ I strongly encourage my students to teach intermediate price theory as graduate students and volunteer to teach intermediate price theory when they get their first university teaching job.

- devote their life work to it) brings to the broader conversation in economics and political economy.
4. Pursue your passion, do not pursue what you think is fashionable in the literature at any moment. Look out the window, don't concentrate on what is on the black-board. In pursuing your passion think like a Misesian, but write like a Popperian. In other words, thinking like an economist is all about the logic of choice and invisible hand explanations, but communicating with other economists often is best done in the language of theorems and propositions, hypotheses and tests, conjectures and refutations. Don't be afraid to put forth bold conjectures and to invite the criticism of your peers. Strive to always be in a room where you are learning from others in research settings, constantly having to clear a higher argumentative bar. Again, constantly stretch and test your comfort zone until you are able to converse with the best and the brightest minds currently practicing economics and political economy. In short, be wildly ambitious while also being wildly committed to truth tracking as you see it.
 5. There is a basic formula for academic success. First, be the best student in your graduating class. Second, build your academic network by your 3rd year (e.g., Association for Private Enterprise Education (APEE) is a natural network for Austrian economists). Third, every student I have taught who wanted an academic career who accomplished the following achieved such a career and in fact have had great success in that career:¹¹

$$\begin{aligned} & \textit{PhD in hand} + \textit{publication in refereed journals} \\ & + \textit{good teaching evaluations} - \textit{lunch tax} = \textit{quality job} \end{aligned}$$

Use the opportunities provided by our “movement” institutions and periodicals to learn how to write clearly and speak effectively early in your career. But do not stay in that comfort zone; strive to push out of it with your work and your presentations. Embrace your role as a teacher of economics and strive to excel in the classroom. Attend the professional meetings, and never ever be a “lunch tax” on either your friends or your foes.¹²

You will write as you read --- read wisely; you will teach as you were taught --- copy the best teachers you have ever had. Add to this, that you strive to be a great colleague by commenting on the papers of your departmental colleagues timely and thoughtfully, and be a good citizen to your college and university service wise. If you do this you will become indispensable to your institution.

These 5 lessons I have tried to communicate to 2 generations of PhD students. And we have had considerable success at GMU in terms of placement and impact.

Conclusion

The economics profession has become more interesting in the 25 years I have been teaching. It is an amazingly exciting time to be doing economics and that excitement and enthusiasm should come out in your approach to this profession.

Finally, I'd like to end with an almost spiritual admission and admonition. I truly believe that the teaching of economics is a higher calling for which we have been enlisted. Embrace your role as a teacher

¹¹ See the list of my former students available on my webpage (<http://econfaculty.gmu.edu/pboettke/students.html>) and their various appointments and follow the links to their own websites to see sample publications.

¹² “Lunch tax” is shorthand for subtracting from, rather than adding to, collegiality. A little reflection on the various colleagues you have had over the years should convince you that there are many ways to be a lunch tax. Over-signaling, for example. Too many academicians act in such obnoxious and socially awkward manners because they believe it signals high intelligence. It doesn't; it just signals social awkwardness and escalates to “jerk” in the worst cases. It is simply best to avoid sending such signals, and instead be an enthusiastic teacher, a productive researcher, and a willing and able colleague.

and scholar of economics. It simply is the greatest intellectual discipline (perhaps on some days I might say the only one) focused on the study of man. Economics can usefully be understood as a (1) deadly serious discipline focused on deadly serious subjects, and at the same time (2) the most illuminating intellectual framework for the study of man in all his walks of life and in all his historical circumstances. The fate of civilization is intimately tied to our ability to communicate the basic teachings of our discipline. There are laws of economics that cannot be violated without consequences for the fate of humanity. Appreciate economics as a discipline, and the essential contributions of Mises and Hayek will become obvious.

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APPENDIX

Austrian Theory of the Market Process I

Course Description

This class is designed for advanced students of economics whose goal is to become a scholar in the fields of economics and political economy. Students will be exposed to the methodological arguments of the Austrian school of economics. We will also discuss the monetary theory, capital theory, and market process theory developed by the Austrian school. We will also discuss the critical arguments about the problems of interventionism and the impossibility of rational economic calculation under socialism. The political economy of liberalism and radical libertarianism will also be discussed in the end.

Course Readings

The readings for this course are divided into 3 groups: (1) background, (2) required, (3) recommended. The background reading is to set the stage for the discussion of the post-WWII development of the Austrian Theory of the Market Process. As you will see in the background reading, the Austrian school had a very rich history both pre-WWI and during the interwar period. In fact, in most history of economic thought treatments this would be the primary focus. And, indeed, a legitimate argument could be made that the interwar years were the years of “high theory” within the Austrian tradition culminating in the works of Mises and Hayek in the 1940s. It is during the 1930s and 1940s, that the debates with market socialism on the one hand, and with an emerging Keynesianism on the other took place. And it was during the 1930s and 1940s that the methodological battle lines between the Austrians and the positivists and formalists were clearly drawn. Moreover, there is an important pre-WWI history of the Austrian school that is just as important for the development of modern neoclassical economics. Carl Menger, Eugene Bohm-Bawerk, and Friedrich Wieser made fundamental contribution to value theory, production theory, and distribution theory that are still part of the core of economic teaching. Finally, Viennese intellectual culture at the beginning of the 20th century is recognized to be one of the most fertile that modern man has ever witnessed as major contributions were made not just in economics, but also in philosophy, psychology, mathematics, etc. Wittgenstein’s Vienna is a topic that fascinates and deserves serious study independent of one’s intellectual interest in the Austrian school of economics.

For background reading I have chosen two celebrated works in the modern history of economic thought. Bruce Caldwell’s *Hayek’s Challenge* (Chicago, 2003) is an intellectual biography of Hayek and contextualizes (as the title suggests) the development of Hayek’s ideas from his student days to his final writings in terms of the intellectual debates he was involved with and the goals he set for his research program in the social sciences. Hayek had a vision, Caldwell identifies it, and then we learn of the trials and tribulations that Hayek faced in seeing that vision through. Along the way, we will meet several key figures in 20th century economics.

The second work in the modern history of economic thought you are expected to read is Phil Mirowski’s *Machine Dreams* (Cambridge, 2008). Mirowski’s book is a fun read in large part because of the “conspiracy theory” tone that is often evident. The book is deeply researched, and Mirowski’s interpretative skills are considerable. But one should be forewarned that his bold conjectures about the role of the Cold War in shaping modern economics often come off as leaps of logic rather than razor sharp logical derivations. You are reading the book for two reasons: (a) it represents a bold reading of the development of post WWII modern economics, and (b) it is a reading that does give a considerable role played by Hayek in that development of information economics and mechanism design theory. Here you will read of Marschak, Koopmans, Arrow, and Hurwicz among others, and how their work in fundamental theory was inspired by the socialist calculation debate and Hayek’s statement concerning the informational role of prices in coordinating economic affairs in a modern economy.

I also recommend that you read as many papers by Robert Leonard, whose book *Red Vienna* (Cambridge, forthcoming) has been anticipated for over a decade. Despite the delays in the work appearing in print, Leonard’s papers are widely available on-line. His work is generally recognized as the most sophisticated intellectual history of economics of the Vienna period (see in particular his paper in *Isis*). But the central characters of his narrative are different than the standard accounts of the Austrian tradition. Instead of Mises, we learn of the mathematician Karl Menger (Carl Menger’s son) and his influence on Oskar Morgenstern, and of both the philosophical and political activism of Otto Neurath. Neurath is a critical character in the subsequent development of the Austrian tradition because it was his ideas of the natural economy and the future of socialism that the economic calculation critique was in part directed at, and his ideas on positivism and the unity of science that the scientism critique was in part directed at. In the minds of Mises and Hayek, socialism and scientism were interconnected, and understanding this interconnection is critical to understanding the way they framed their contributions to both the methodology and method of modern economics in the 1940s and beyond.

You will note that I have not included any biography or background reading on Mises. There are several solid works on Mises, such as Eamonn Butler’s *Ludwig von Mises: The Fountainhead of Modern Microeconomics* (Gower, 1988); Israel Kirzner, *Ludwig von Mises* (Intercollegiate Studies Institute, 2001); and Guido Huelsmann’s *Mises: The Last Knight of Liberalism* (Mises Institute, 2007). For our purposes, the material that we need to discuss concerning Mises and his economics will already be discussed in the

work of Leonard and Caldwell. And you already have a significant sum of pages to read prior to class as background and these works, especially Huelsmann's, wouldn't just significantly add to that total of pages, but actually come close to doubling it. However, I do encourage you to familiarize yourself with these works. Also, look up the various writings of Richard Ebeling on Mises, and be alert to his biography on Mises that is supposed to be published in 2010.

It is my expectation that you will have read Caldwell, Mirowski and Leonard (*Isis* article) prior to our first class meeting on August 31st.

The required readings for this class consist of Mises's *Human Action*; Hayek's *Individualism and Economic Order*; Rothbard's *Man, Economy, and State*; and Kirzner's *Competition and Entrepreneurship*. These works represent the fullest statements of the post-WWII development of Austrian economics from 1950 to 1975. In the narrative that I am constructing, Mises and Hayek in their own respective ways made major theoretical innovations in the 1940s which were presented in *Human Action* and *Individualism and Economic Order*. Rothbard and Kirzner in their own respective ways were responsible for restating those innovations to a new generation of economists and in so doing provided the foundations of modern Austrian economics.

You are expected to not just read these works, but to master these texts in the same way that you were expected to master the texts of Mas-Colell in microeconomics or David Romer in macroeconomics. If you want to be an Austrian economist, then you need have to know these works by Mises, Hayek, Rothbard, and Kirzner.

Recommended readings will come in two groups. The first group will be journal articles and chapters from books that are written by post 1975 scholars in the Austrian tradition. These will be scattered throughout the syllabus and should point you in the right direction. The second group will be books by modern scholars outside of the Austrian tradition who are making arguments that are either traditionally associated with the Austrian school or consistent with the Austrian school.

The list of recommended books include: Cristina Bicchieri, *The Grammar of Society* (Cambridge, 2005); Tyler Cowen, *Discover Your Inner Economist* (Dutton, 2007) and Tyler Cowen, *Create Your Own Economy* (Dutton, 2009); Jon Elster, *Explaining Social Behavior* (Cambridge, 2007); Roman Frydman and Michael Goldberg, *Imperfect Knowledge Economics* (Princeton, 2007); Avner Greif, *Institutions and the Path to the Modern Economy* (Cambridge, 2006); Russell Hardin, *Indeterminacy and Society* (Princeton, 2005) and Russell Hardin, *How Do You Know?* (Princeton, 2009); Richard Posner, *A Failure of Capitalism* (Harvard, 2009); Douglass North, John Wallis and Barry Weingast, *Violence and Social Order* (Cambridge, 2009); Paul Seabright, *The Company of Strangers* (Princeton, 2005); and Andrei Shleifer, *Inefficient Markets* (Oxford, 2000).

This list is certainly not meant to be a comprehensive list of contemporary works that are relevant to the interests of economists interested in the Austrian school. But they raise many of the methodological, analytical, empirical, and social philosophical issues that were raised in the works of Mises, Hayek, Rothbard and Kirzner. In short, there is a broader conversation going on in economics and political economy that contemporary students of the Austrian school should be aware of, and contributing to, and this list of works has been given to point you in that direction.

The first 10 weeks of the class will be devoted to learning the foundations of modern Austrian economics and its further development since 1975 by scholars in the tradition, and the last 5 weeks of the class will be devoted to engagement with the latest thinking in social science methodology and economic theory, and a discussion of the future directions of research inspired by the Austrian tradition of economic scholarship.

Grading Policy

Grading policy for this class is based on 3 grades. Class participation (perhaps periodic quizzes), research paper on a topic of your choosing, and a take-home final that is designed to help you prepare for the field exam. Each will be equally weighted in determining the final grade for the class.

Lectures

DATE	TOPIC	READING
August 31	Austrian Economics in the Contemporary Intellectual Landscape of Economics	Caldwell, especially 133-319. Mirowski, especially 232-308. Leonard, <i>Isis</i> (1998).
September 7	LABOR DAY	
September 14	The Methodology of the Austrian School of Economics	Mises 1-142. Hayek 1-76. Rothbard 1-200, especially 1-66. Kirzner 1-85, especially 3-7; 32-37. Caldwell 17-130; 232-260; 407-408.
September 21	The Positive Economics of the Market Economy of the Austrian School	Mises 232-397. Hayek 77-106. Rothbard 201-272; 560-660. Kirzner 1-29; 88-134. Caldwell 370-405.
September 28	Factor Pricing and the Process of Production	Mises 479-523. Hayek 77-91. Rothbard 273-559. Kirzner 135-211.
October 5	Economic Calculation: <i>The Austrian Contribution</i>	Mises 200-231; 689-715. Hayek 119-208. Rothbard 542-550; 830-832. Kirzner 212-242. Boettke 1998.
Tuesday, October 13	The Dynamics of Interventionism	Mises 716-861. Rothbard 765-890. Boettke 1993. Ikeda 1997. Kurrild-Klitgaard, ed., 2005.
October 19	Profits, Interest and Investment	Mises 538-586. Hayek 220-254. Rothbard 661-764; 850-879. Salerno, ed., 2008.
October 26	The Battle with Keynes and Keynesian Economics	Caldwell 150-181. Garrison 1985; 1993; 2005. Caldwell, ed. 1995.
November 2	The Entrepreneurial Market Process and the Role of Equilibrium Theorizing in Economics	Mises 257-326. Hayek 33-56; 92-106. Rothbard 468-501. Kirzner 1-134. Kirzner 1990. Boettke 1997.
November 9	Methodology in a Post-Positivist Age	Elster. Hardin 2005. Leeson and Boettke 2006. Boettke 2010.
November 16	The Economics of Time and Ignorance	Frydman and Goldberg. Hardin 2009. Cowen 2007. Boettke 2002. O'Driscoll and Rizzo 1985.

		Koppl 2006.
November 23		
November 30	The Financial Crisis and Economic Theorizing	Posner. Shleifer. Garrison 2009a; 2009b; 1989. White 2008 and 2009. Horwitz 2000.
December 7	How Far Can Spontaneous Order Be Stretched?	Mises 143-176. Hayek 255-272. Rothbard 80-87, especially 85.
	Research paper due	Bicchieri. Seabright. Greif. North, et. al.
December 14	FINAL EXAM Submission deadline: 7:15pm	

Field Exam and Beyond in Austrian Economics

The final exam in this class is designed to help you practice for the field exam offered in Austrian Economics. To qualify to take the exam you must also successfully complete The Theory of the Market Process II (Econ 881), which will be taught by Professor Wagner in the Spring 2010.

The Austrian School of Economics has its own JEL code – B53. This comes under the heading of heterodox approaches to economics. While it is important for a research field to have its own JEL code, I am not sure the designation “heterodox” is the best intellectual home for Austrian economics. But as you develop in your career you will have to make that decision for yourself.

As you will see throughout the course one of the distinguishing characteristics of the Austrian school from Menger to today is the striving for a level of philosophical awareness and sophistication which is simply absent from most other economists. If you look at the label “Austrian Economics”, then you can see that individual scholars choose which of the terms to emphasize. If you are doing Austrian economics, then the methodological and unique philosophic context within which these ideas about human action and exchange relationships tends to get emphasized. If, on the other hand, you are doing Austrian economics, then the analytical ideas about human action and exchange relationships, and the common ground with other economists tends to get emphasized. If it is the Austrian element that fascinates you, then you should be drawn to understanding the ideas of Husserl, Schutz, and even Wittgenstein. If it is the economic element that fascinates you, then you should be drawn to understanding not just fellow travelers*, but Walras, Samuelson, Arrow, and Stiglitz. To most Austrian economists, both sides tend to fascinate them, but they have to figure out the balance of their research interests. In my experience, my generation of Austrian economists tended to emphasize the Austrian elements, while the most recent generation of Austrian economists have tended to emphasize the economic elements.

There are 3 specific journal publishing outlets in Austrian economics: *Review of Austrian Economics*; *Quarterly Journal of Austrian Economics*; and *Advances in Austrian Economics*. There are also several book series that publish works that are focused on Austrian economics, the most prominent being “Foundations of the Market Economy” series with Routledge. If you are going to work in the field, then you should be intimately familiar with the work in these journals and in that series.** However, I want to

* The list of important fellow travelers who have influenced greatly the subsequent development of Austrian ideas would include: Wicksell, Wicksteed, Knight, and Robbins, prior to WWII, and after WWII, Alchian, Bauer, Buchanan, Coase, Demsetz, Leijonhufvud, North, Olson, Schelling, Shackle, V. Smith, Tullock, Williamson, and Yeager. With my recommended readings I am suggesting that the list is ever expanding in the 21st century; especially when you consider my omission of such obvious choices as William Easterly and Timur Kuran. In other words, in my opinion the ideas of Mises and Hayek are being discussed everywhere one looks in the contemporary literature so opportunities for professional engagement abound in philosophy, politics, economics, business studies, etc.

** I would also stress that you should read the Presidential Addresses of the Society for the Development of Austrian Economics since its founding: Karen Vaughn (1997), Mario Rizzo (1998), Charles Baird (1999), Peter Lewin (2000), Peter Boettke (2001), William Butos (2002), Steve Horwitz (2003), Roger Garrison (2004), Roger Koppl (2005), Sanford Ikeda (2006), Randall Holcombe

stress again, that there are opportunities to publish Austrian-relevant research in the top journals and with the top university presses.

And, it is important to stress to aspiring economists why publishing in those top journals and respected presses matters. This is not about career advancement, though obviously if you succeed a solid career will be forged. It is about tracking truth as you see it, and then maximizing your readership and scholarly/scientific impact. Even if you believed that Mises and/or Hayek had the last word on scientific advancement in economic reasoning, then you will want to get their ideas into as many key hands within the economics profession as possible. Success, then, would be measured the same way one would measure a mainstream career trajectory. Publication in the best journals and with the most respected presses; positions at the higher ranked departments; professional awards from the most prestigious societies, etc. The idea of an alternative sub-culture within the economics profession that can be successful without eventually translating into those more traditional measures of scientific impact and success is pure fantasy and in fact one of the most counter-productive habits of thought to have infiltrated the Austrian school of economics in the late 20th century. You should not aspire to publish in the *RAE*, but instead the *AER*. Just a shift of a few letters, but a world of difference it would make.

This should not be seen as argument for disregarding the publishing that takes place in the *RAE*, *QJAE*, and *AAE*, or with Routledge (or Elgar, or Mises Institute, etc.). As someone who has decided to build a professional expertise in Austrian economics you must not only read these works, but contribute to this literature. But what I am arguing is that if this literature is successful, it will become more relevant to the research product one sees in more widely recognized publication outlets. As an aspiring economist, what you want is for your efforts at truth-tracking to be so insightful that they are viewed as a productive input into the productive process of truth-tracking by other economists. This is how scientific progress is made, and careers are built.

It is a fascinating time to be an economist. The world around us begs for economic understanding and explanation. The professional discourse similarly is seeking new and fresh ideas in economics and political economy. The intellectual endowment provided by Mises and Hayek is a rich one to work with.

Becoming an economist should be the most amazing intellectual adventure of your life. Pursue it with passion.

Good luck.