Austrian Economists and Liberal Arts Colleges as a Complementary Capital Combination

Steven Horwitz

Abstract

Liberal arts colleges have recently become a popular home for modern Austrian economists, with several schools hosting more than one Austrian and beginning to develop programs for students. I explore the possible reasons for this congenial relationship, dividing the explanations into two areas: the learning goals of liberal arts college match the interests and comparative advantage of Austrians and the emphasis on teaching matches with the strong teaching skills of Austrians. I also note that the argument presented can be generalized to a significant degree to other economists with similar interests and skills.

Introduction

With the notable exceptions of George Mason University (GMU) and New York University (NYU), almost all of the other American universities with some sort of node of Austrian economists (i.e., at least two full-time faculty members working broadly in that tradition) are liberal arts colleges. Austrian economics has a long and rich history at Grove City College and Hillsdale College, but, as of this writing, collections of Austrians are present at Loyola University of New Orleans, Hampden-Sydney College, Beloit College, Trinity College (Conn.), and St. Lawrence University, all of which are liberal arts colleges. In addition, other prominent Austrian or strongly Austrian-influenced economists can be found at liberal arts colleges such as Rhodes College and Berry College. Finally, a number of prominent Austrian school economists are themselves graduates of liberal arts colleges such as Grove City, Hillsdale, Loyola of New Orleans, and Beloit, as well as Manhattan College and the College of the Holy Cross among others. Although there are Austrians at state schools, professional schools, and research universities, the world of the liberal arts colleges does seem to be a place where Austrians have been particularly able to create collaborative communities.

Exploring why Austrian economics seems to be such a natural fit for liberal arts colleges (hereafter LACs) is the task this paper sets for itself. I will argue that there are several notable features of Austrian economics that make it a highly complementary capital combination with most liberal arts colleges. When one looks at both the structure and goals of most LACs, they play very neatly into the strengths that Austrians have compared to most of the rest of the discipline. It is probably the case that what LACs value fits equally well to the strengths of other heterodox schools of thought, although I do not address that question explicitly below. In addition, understanding exactly what LACs do value can be of interest to economics and finance educators of any approach as they think about their own work or as they train graduate students with an eye toward success in the job market. The particular ways in which I will argue that Austrian school economists are a good fit for LACs can be generalized to those in economics and

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finance who value the emphasis on teaching, interdisciplinarity, and broad scholarship that characterize LACs. Although my focus is particular here, the lessons are broadly applicable.

From this perspective, the growing presence of nodes of Austrian research at LACs should come as no surprise, as it is beneficial for both the colleges and the economists. Below, I divide my explanations into two broad categories. The first explanation is that the way Austrians think about economics makes them particularly good at achieving the **educational goals** of most LACs. The second explanation explores the reasons why Austrians tend to be the sorts of excellent **teachers** that LACs prize. The first category focuses on the goals of classroom instruction, while the second looks at the teaching process itself.

### Austrian Economics and the Goals of a Liberal Education

Liberal arts colleges are a distinctly American institution. In contrast to the larger universities, LACs are more likely to be private and small (often with fewer than 2500 students) and focused almost exclusively on undergraduate education in areas in the “liberal arts” as opposed to pre-professional programs such as business and law. LACs also tend to have low student-faculty ratios of less than 15:1 and have average class sizes under 20, both of which are areas of significant competition among LACs and an explicit factor in the annual rankings done by *US News & World Report*. The primary focus of faculty work at LACs is on the teaching of undergraduates rather than research activities such as publications or grants. Although the latter are expected for tenure at most LACs, it is excellence in the classroom that is the primary criterion for tenure and promotion. LACs also tend to stress their close-knit community and intense mentoring relationships between faculty and students, all of which is enhanced by most such institutions being residential, with some requiring students to live on campus for all four years.

In addition to these structural factors, almost all of them are committed to a very similar set of goals that are usually framed as “liberal education.” Liberal education is normally contrasted with the professional education one might find in an undergraduate business or engineering school. Such programs are pre-professional training students for particular sorts of careers with specific skills. A liberal education is explicitly not designed to be preparatory for any specific career, rather it is seen as education for life in which students acquire general knowledge of the human condition, along with a focus on a specific area of knowledge in the form of a major and possible minor. Liberal education’s core goals, however, involve the even more general skills that make for an educated and informed citizen: critical thinking, the ability to write and speak clearly, knowing where to find information and how to evaluate its reliability, and the ability to engage in reasoned dialogue across differences. Most LACs goals statements also emphasize the importance of interdisciplinary or transdisciplinary study, and many LAC graduates leave with double majors or other varieties of major/minor combinations that reflect their attempts to place their learning in a number of different intellectual, or even epistemological, contexts. All of these structural factors and educational goals differentiate LACs from both large research universities and community colleges.

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2 The Carnegie classification system requires that such institutions give at least half of their degrees in the “liberal arts,” which excludes all such pre-professional programs. See http://www.educause.edu/Carnegie2000.

3 The “Aims and Objectives” section of my own institution’s Catalog includes: “The University is also committed to the goal of fostering excellent teaching in its faculty and to assisting its members to realize their full potential as teachers. Effective teaching cannot be divorced from professional competence in the subject matter taught. Active scholarship is strongly encouraged, and the University commits itself to supporting this scholarship through the provision of time and resources.” http://www.stlawu.edu/catalog/1011/1_15.pdf, p.6.

4 Those Aims and Objectives list 8 goals of a St. Lawrence education that are representative of what LACs value: 1. A depth of understanding in at least one field of study; 2. The ability to read, write, speak and listen well; 3. The ability to conduct research and to think critically; 4. An understanding of diverse cultures; 5. An understanding of scientific principles and methods; 6. An understanding of the natural environment; 7. An expansion of aesthetic sensibilities and capacities; and 8. A personal ethic of considered values.” http://www.stlawu.edu/catalog/1011/1_15.pdf, p.6.

5 Again, my own institution’s Catalog speaks to these goals, as do those of similar institutions, as well as umbrella organizations such as the Association of American Colleges and Universities. About 25% of our students graduate with a double major or combined major (e.g., Economics-Environmental Studies) and another substantial fraction have a minor in addition to their single major.
Interdisciplinarity

All of the factors mentioned also play into elements of the Austrian approach. Austrian economics is far more interdisciplinary than the mainstream of economics, even taking into consideration the recent interest in psychology via behavioral economics. Most economists trained in an Austrian program have some familiarity with philosophy, political science, history, sociology, and perhaps even psychology and neuroscience if they also have a background in experimental economics. The Austrian interest in methodological issues and their conception of markets as epistemological ecosystems drive the interest in philosophy, while the relationship to public choice and political economy helps to explain both the political science and some of the philosophy. For Austrians, the relationship, both intellectual and personal, between Ludwig von Mises and Max Weber has meant an ongoing interest in sociology. In fact, Mises would have preferred to use the term “sociology” instead of “praxeology” to describe the general science of human action, but he felt that word had already been too corrupted by positivist sociologists to convey his intended meaning (Mises 1976[1960], p.xvi). Even though he officially studied law, Hayek’s earliest intellectual interests were in the natural sciences (thanks to a father and grandfather with those interests), particularly psychology and biology, which reappeared in the 1950s with the publication of The Sensory Order (Hayek 1952). This interest in what we would now call neuroscience remained part of Hayek’s research agenda for the rest of his career and is part of the Austrian comfort with work in psychology, especially evolutionary psychology.

The interdisciplinarity of Austrian economics has several advantages in a liberal arts context. First, students at LACs hear early on that being broadly educated across a range of subjects is a central goal of liberal education. Many LACs have first-year programs that offer interdisciplinary courses and many others have combined majors or other means of allowing students to explore more than one area of knowledge in some depth. Students are often being asked to make connections across their multiple and diverse courses and they come to expect, certainly after the first year, that learning should be broad and cross-disciplinary. With this sort of educational ethos and this set of student expectations, it should be no surprise that Austrians do well at LACs, both in terms of their own job satisfaction and in connecting with students. Austrians are much more suited than mainstream economists to provide the interdisciplinary context for economics that LACs value so highly.

The interdisciplinarity of Austrian economics is also a benefit for relationships with other faculty. Because student learning is interdisciplinary, so are faculty relationships. LACs prize faculty who can communicate and work outside of narrow disciplinary boundaries, whether in teaching, research, or governance. As noted earlier, many LACs have interdisciplinary courses, and those require having faculty who can teach topics in ways that provide perspectives other than their home discipline. Sometimes these courses are team-taught, requiring that faculty work with a colleague from another discipline to design and execute such a course. Many LACs have interdisciplinary departments/programs or majors/minors that bring together faculty from a variety of disciplines, e.g., various area studies programs. Such programs require faculty who can engage in productive conversations and partnerships across disciplines. The small size of departments at LACs means that faculty are not insulated within their discipline and naturally find themselves talking with colleagues from other areas of campus. Along with educational goals that reject a narrow disciplinary focus, this often leads to cross-disciplinary partnerships in course development and teaching. With the major being a less prominent feature of the curriculum, most LACs can afford some degree of interdisciplinary course offerings.

These factors make Austrians into particularly attractive job candidates for LACs, especially when economists in general tend not to be nearly as interested in, or as good at, working across those boundaries. Non-Austrian economists who value interdisciplinarity may find themselves to also be desired.

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6 The University of South Carolina’s National Resource Center for the First Year Experience and Students in Transition (http://www.sc.edu/fye/) as well as the Learning Communities National Resource Center at the Washington Center for Improving the Quality of Undergraduate Education at The Evergreen State College (http://www.evergreen.edu/washcenter/project.asp?pid=73) offer a variety of lists of such programs and their goals.

7 Such programs do, however, pose an interesting challenge for Austrians, even as they are particularly suited to tackle most of what such programs involve: they often involve working not just across disciplines but across significant ideological/political differences as well.

8 Though this may be changing a little bit with the rise of experimental and behavioral economics and some trends in development economics.
job candidates at LACs. For many LAC economics departments, an Austrian would be a good hire if the department is feeling pressure to contribute to university-wide programs but none of the current members have a particular interest or ability to do so. For many Austrians, such programs are a benefit not a burden of working at a LAC, so getting hired in such a department is a win-win. For a mainstream department, a further benefit of hiring an Austrian under these circumstances is that to the degree Austrians are still part of the broad neoclassical revolution, such a department may feel more comfortable in hiring an Austrian into a position with extra-departmental connections than they would hiring another heterodox economist. This is another reason why the LAC experience is a good one for Austrians and why LACs tend to find Austrians to be good hires.

A final reason why the interdisciplinarity of Austrians fits nicely with the world of the LAC is that the publication expectations at most LACs are open to a broader range of journals than at top research schools, or perhaps even mid-level state universities. Because LACs are first and foremost teaching institutions, most of them have notably lower expectations for faculty scholarship than research-oriented schools. As noted above, most LACs expect faculty to produce peer-reviewed scholarship or creative work, but are not overly concerned that it be in top journals in the discipline or that it even be solely in the discipline narrowly considered. Many LACs are perfectly happy to count work in pedagogy journals or other places that might not “count” at a more research-oriented institution. This makes LACs a good home for any economist whose work is outside of, or posing a serious challenge to, the mainstream of the discipline.

For Austrians, whose work is often difficult (though not impossible) to get placed in top journals in economics, and whose interest in philosophical or historical questions might lead them to journals outside of economics narrowly defined, the less restrictive publication expectations of a LAC might make for a more comfortable environment in which to do Austrian economics. In fact, by not having to worry about always hitting the top journals, Austrians at LACs might be especially productive (particularly if we adjust for the normally higher teaching load at LACs) in terms of the number of articles they are able to get into print. It would be an interesting study to see how the research productivity of Austrians at LACs compares with their LAC economics colleagues who are not Austrians and with Austrians at state schools that are ranked higher and that have higher research expectations. In general, Austrians, and other economists, with active research agendas that are fairly broad are likely to find LACs to be a congenial atmosphere in which to get published.

**Critical Thinking**

One core goal of liberal education is developing in students the hard-to-define skill of “critical thinking.” If by “critical thinking” one means the ability not to take things at face value and to “step back” and look at them from one or more different perspectives, and possibly see through the false veneer of whatever face value is in play at the time, then almost every discipline asks that of students in some way. Economists are fond of pointing out how the “economic way of thinking” is an important tool for critical thinking as it provides just such a different perspective on what students (and others) think they know, with the success of *Freakonomics* (Levitt and Dubner 2005) being testament to this point. Austrians are, even among economists, well-positioned to engage the critical thinking skills that LACs prize so highly. This happens in two ways.

First, because Austrians tend to be comfortable with what Caldwell (2004) calls “basic economic reasoning,” they spend no less, and perhaps more, time developing in students the economic way of thinking skills than do their mainstream colleagues. The core insights of basic microeconomic reasoning (e.g., marginalism, opportunity cost, unintended order, and methodological individualism), even if they are articulated in different terms, are part of the Austrian approach as well as the mainstream’s, sharing as they do a common heritage in the neoclassical revolution. And because Austrians see macroeconomics as ultimately an extension of microeconomic reasoning (e.g., Horwitz 2000, Garrison 2001), the critical thinking skills of the economic way of thinking are omnipresent in the classroom of an Austrian.

Perhaps more important, however, is that Austrians are methodologically self-conscious. Austrians are more likely, when teaching elements of the economic way of thinking, to note to students how economists are approaching the subject at hand, and perhaps compare that to how a psychologist or sociologist or political scientist might. Austrians are also more likely to be self-reflective about mainstream economics as they point out how Austrian perspectives differ. The result is that students not only learn economics as a tool of critical thinking, they are more likely to be able to step back and think critically about economics.
Austrians have this second level available to them in a way that mainstream economists normally do not. To the extent that it enables Austrians to “de-familiarize” mainstream economics for students by asking them to step back from what they have been immersed in their other economics courses, the methodological self-awareness of Austrians forwards liberal education’s goal of inculcating a habit of critical thinking that much more than does mainstream economics. This is yet another reason that Austrians are likely to find LACs so congenial.

**Communication Skills**

LACs also tend to foreground students’ ability to write and speak effectively as key goals of their curriculum. Many LACs have curricular requirements with respect to writing and speaking (and often research as well), which can vary from a required first-year seminar emphasizing communication skills to courses designated as “writing-intensive” or “speaking intensive” to senior seminars or other “capstone” experiences that require students to engage in extended written and spoken work, or some combination of the above. For most of these courses that emphasize communication skills, the focus is not to simply assign writing and speaking, but to actually teach it to students through guided practice, often in smaller classes with ample opportunities for feedback from faculty. This sort of communication skills pedagogy also works best when the instructors are not specialists in writing or speaking but are instead drawn from across the faculty and are teaching communication skills in courses that are about some intellectual content rather than just “writing” or “speaking” (Horwitz and Oakes 2007).

Communication skills courses at LACs are often the very same first-year seminar courses noted earlier in the discussion of interdisciplinarity. Parallel to the argument made there, economists as a whole are not always very comfortable teaching writing and speaking skills because economics, and this is often true of the sciences, has increasingly become written and taught in the language of mathematics, statistics, and graphs. Despite the pleas of McCloskey (2000) and others, economists have paid less and less attention to their writing, and their rhetoric more broadly, over the last few decades. This makes many economists uncomfortable dealing with the issues that arise in writing instruction, particularly outside economics courses.

Austrians are generally an exception. Austrian economics has long been an ordinary language-based academic culture. Austrians have long believed that although mathematics can be helpful in illustrating important economic insights, economic theory itself needs to be developed through rigorous ordinary language arguments. Equating “theory” with “mathematical proof” is a misguided attempt to apply the methods of the natural sciences to the study of human beings. The stringent assumptions necessary to develop mathematical models of human choice and economy-wide outcomes do violence to any attempt to capture the essence of human action and choice and in the end give us models in which both humans and genuine choice are absent. Similarly, Austrians do not believe that econometric analysis is the only or best way to gain an empirical understanding of the contemporary and historical world. Such analyses are can be helpful in identifying elements of the questions we might wish to answer, but doing applied economics requires that we also do archival and other forms of empirical work and not just stop with the mechanical correlations of econometrics. The goal is to understand human action, which requires exploring human plans and their consequences, both intended and unintended. For Austrians, both theory and history are more often written in the language of words rather than numbers and symbols.

Austrians prize clear written work and the construction of organized, logical-causal chains of argument backed by evidence, including carefully used quantitative evidence. Austrian papers and books are not mathematical proofs interrupted by explanations. Another way to see this is that Austrians write the way students are being asked to write in a LAC environment. The values of clear written expression and the

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9 Of course this is equally true of other heterodox approaches.

10 And a book culture as well. Austrians share with other heterodox economists an, in the eyes of many of their colleagues, unnatural attachment to the book form of scholarship. This does raise some interesting issues at tenure and promotion time in more high-powered research schools where books will not be valued. However, LACs are generally an exception here, as even departmentally at LACs, books are likely to have a higher relative value compared to articles than at research schools. Being a book culture might also mean that Austrians are more attune to some of the issues of language and organization that are central to writing instruction.
development of skills in organization, argumentation, and the presentation of evidence, quantitative and otherwise, are shared by almost all LAC communication skills goals statements, whether explicitly or implicitly. Because Austrians tend to value those same goals, they are more likely to find themselves able and willing to teach undergraduates how to achieve them. Austrians are also likely, ceteris paribus, to be reasonably good at doing so because they, again, write in similar ways more often than do their disciplinary colleagues. For economics educators of any stripe who share these values and put them into practice in their own work, LACs are a congenial home.

The argument of this section does not mean that every Austrian economist will be an ideal fit for the liberal education goals of LACs. Austrians vary in their skills and temperaments along all of the lines noted above. However, the argument does suggest that, on average, Austrian-trained economists are more likely than other economists to have the desire and ability to teach in ways that forward the liberal education goals of LACs. That congeniality is one reason LACs have become focal points for the development of Austrian communities.

Why Austrians Care About Good Teaching

LACs are noted for their commitment to excellence in teaching. The criteria for tenure at most LACs put teaching first with scholarship second and service a meaningful third. The particular weights to each element may vary among LACs, but at almost every one, excellent teaching is considered to be a necessary condition for tenure, if not promotion. Many LACs reward a commitment to teaching in other ways, including grant and travel money for pedagogical innovation and stipends for engaging in ongoing faculty development, or leading such sessions oneself. Finally, more and more LACs now have centers or programs dedicated to improving the teaching skills of their faculty, from new faculty orientation through to ongoing faculty development workshops. All of these add up to a LAC culture in which excellent teaching is expected by students and respected and rewarded by the institution.11

Measures of teaching quality are difficult to come by, but anecdotal evidence is strong that Austrian economists tend to be particularly talented and effective teachers. The best sort of evidence we have are the number of Austrian faculty who have won teaching awards given out by alumni, peers, or the institutions as a whole rather than just student-elected “Teacher of the Year.” An informal survey of the Society for the Development of Austrian Economics membership and listserv indicates that such awards have been won by quite a number of Austrians, although only a minority of them at LACs (see Table 1 below). Another somewhat objective measure of the effectiveness of Austrians as teachers would be the number of students they inspire to go on to graduate school or other careers in economics or the world of ideas more generally. A good number of Austrian economists, particularly of the under-50 crowd, have come from liberal arts colleges, often taught by older Austrians there.

Assuming for the moment that the evidence is sufficient to pursue the claim that Austrians are notably above average teachers, it might be worth asking why that is the case so that we can see whether those reasons might explain why LACs seem to have worked so well for so many Austrians. I would argue there are three reasons why Austrians tend to be excellent teachers of economics: passion, policy-relevance, and the ordinary language culture. As a group, these three factors can explain why Austrians are particularly able to connect effectively with undergraduates, which likely translates into both strong student evaluations and recognition from their peers.

Even a cursory review of student evaluations will indicate that students highly value the enthusiasm that instructors bring to their courses. Enthusiasm engages students who might otherwise resist being drawn into the subject matter. It also is a way to convey to students how important the faculty member thinks the material is as well as its relevance for understanding the natural or social world. Anecdotally, Austrians have a great passion for economics and tend to be folks who deploy the economic way of thinking as part of their day-to-day existence. Austrians are hardly alone in doing so, but it might well be the case that they

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11 In addition to the statements on teaching in the footnotes above, consider the following from Skidmore College’s Faculty Handbook referring to the criteria for tenure: “Teaching of high quality is paramount, the primary criterion for retention or advancement; no degree of excellence in scholarship or artistic achievement, no record of unusual productivity will compensate for unsatisfactory teaching.” http://cms.skidmore.edu/academic_affairs/secure/handbook/upload/2010-11-Faculty-Handbook.pdf, p. 106. St. Lawrence’s Faculty Handbook contains similar language: “The primary standard for evaluation of faculty performance is excellence in teaching.” http://www.stlawu.edu/acadaffairs/faculty%20handbook.pdf, p. 45.
combine the economic way of thinking with a broader belief that economics as a discipline is centrally important to not just one’s own choices but understanding how the world works.

Table 1

Austrian Economists Who Have Won Teaching Awards

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<thead>
<tr>
<th>Name</th>
<th>Institution(s)</th>
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<tbody>
<tr>
<td>Rich Adelstein</td>
<td>Wesleyan University (Conn.)</td>
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<tr>
<td>Howard Baetjer</td>
<td>Towson State University</td>
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<tr>
<td>Pete Boettke</td>
<td>NYU; GMU</td>
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<tr>
<td>Bruce Caldwell</td>
<td>UNC - Greensboro</td>
</tr>
<tr>
<td>Tony Carilli</td>
<td>Hampden-Sydney College</td>
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<tr>
<td>Emily Chamlee-Wright</td>
<td>Beloit College</td>
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<tr>
<td>Steven Horwitz</td>
<td>St. Lawrence University</td>
</tr>
<tr>
<td>Shelby Hunt</td>
<td>University of Wisconsin - Madison; Texas Tech University</td>
</tr>
<tr>
<td>Peter Klein</td>
<td>University of Georgia</td>
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<tr>
<td>Roger Koppl</td>
<td>Farleigh Dickinson University</td>
</tr>
<tr>
<td>Peter Lewin</td>
<td>University of Texas at Dallas</td>
</tr>
<tr>
<td>Alexandre Padilla</td>
<td>Metropolitan State University</td>
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</tbody>
</table>

Austrians’ passion for economics is closely matched by their passion for economic policy and questions of political economy. Economics, for Austrians, is central to being an informed citizen who is able to think critically about current events and bring theoretical and historical knowledge to understanding the world around us. Economics is not just an abstract intellectual challenge or a game played by economists, rather it is part and parcel of the liberal education that is at the heart of engaged citizenship. Most Austrians do not shy away from connecting their understanding of economics to how it can be used to analyze current events and to inform normative judgments about public policy and the size of government. For many students, seeing these connections, even if they do not agree with the normative judgments, makes for a more exciting classroom and forces them to engage the issues economics raises in ways they might not in other economics courses. Making economics come alive not just as a way to understand personal choices, but as a tool for shedding light on current events is one key to effective teaching, and Austrians may well be more likely than mainstream economists to be able to make those connections.

These characteristics of Austrian economists are also effective in the classroom for economists of any stripe. Too many economists, I would argue, shy away from passion about the economic way of thinking either because they feel it is somehow “unscientific” or because they are so deep into their own arcane research that they have lost touch with the basic ideas that light the fires of undergraduates. For similar reasons, many economists fear addressing policy and political economy issues in the classroom, especially for fear they might come across as inappropriately “ideological.” This is all unfortunate as it makes for an unnecessarily dry classroom that will drive students away. If I am correct about Austrians generally being strong teachers, more economists who care about their teaching should try to rediscover their passion for the economic way of thinking and policy issues. If they do, their success in the classroom might translate well into the world of LACs.

As important as these points are, I do not believe they are the central reason why Austrians tend to be such good teachers and therefore good fits for LACs. I think the central reason is that Austrians communicate professionally in the same general language in which they teach. As noted earlier, Austrians do not have to “translate” their internal understanding of economics out of the language of calculus and algebra into English (or another ordinary language) in the process of teaching. For similar reasons, many economists fear addressing policy and political economy issues in the classroom, especially for fear they might come across as inappropriately “ideological.” This is all unfortunate as it makes for an unnecessarily dry classroom that will drive students away. If I am correct about Austrians generally being strong teachers, more economists who care about their teaching should try to rediscover their passion for the economic way of thinking and policy issues. If they do, their success in the classroom might translate well into the world of LACs.

In addition, many Austrians do public policy work or are public intellectuals through non-professional magazines, op-eds, or blogs. All of this sort of writing requires that the author present economics in a way

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12 Evidence that this is more common among Austrians would be hard to come by, although impressionistically I believe it’s true. One bit of evidence is the large percentage of faculty at George Mason who are bloggers and who do policy work. Bryan Caplan has argued that the reason he blogs is a combination of his interest in a variety of disciplines, his desire to be policy-relevant, and his desire to communicate with the broader public. http://econlog.econlib.org/archives/2011/02/why_do_so_many.html.
that an intelligent, engaged citizen might understand it. That is precisely the audience one hopes one has in a college classroom. At the very least, it’s the audience we should assume constitutes our classrooms and that we should be teaching to. This assumption is probably a reasonable one at most good LACs. Austrians are more likely to be used to communicating economic ideas to the general public which makes it more likely that they will be effective at communicating them to college students, especially, perhaps, in introductory courses. Austrians might be even more effective with students at LACs to the extent that, as noted earlier, their expectations of what economics will be like more closely matches how Austrians teach it than would be the case in a more research-oriented school or a more professional school where expectations might be that economics is more narrow and technical. In general, Austrians teach in the same mode they do their research, which makes it easier for them to translate their own understanding of economics into a form that undergraduates can grasp.13

This alignment of Austrians’ research and teaching has another salutary effect in the classroom. By essentially practicing as teachers what they preach as scholars, there is a seamlessness to what Austrians do as economists and that likely comes across to students as a kind of consistency or integrity that enhances their effectiveness as teachers. As Parker Palmer has expressed it: “Good teaching comes from the identity and integrity of the teacher” (Palmer 1998, 10).14

A final, and somewhat more intriguing, way that Austrians may find LACs especially congenial is the increasing emphasis that LACs are placing on “learning-centered” pedagogies. With the luxury of small classes, many LACs are strongly encouraging faculty to move away from monological lectures as their only pedagogical mode, to making more use of pedagogies that put student learning rather than the faculty member at center stage. Many of these pedagogies involve decentralizing the process of knowledge production by giving students a more active role in the learning process, particularly by making use of small group work, independent research, or experiments and games as central modes of learning. The idea behind such pedagogies is two-fold. First, it makes students more responsible agents of their own learning. Second, it takes advantage of the ways in which interaction and conversation among more people can generate more knowledge than just a one-way flow from teacher to students.

As Rob Garnett (2009) has argued, these approaches to pedagogy are quite Hayekian in their emphasis on distributed and tacit knowledge and the ways in which properly structured sets of rules (e.g., a classroom in general or a particular piece of pedagogy) can bring forth emergent knowledge that would otherwise be undiscovered. Although classrooms appear on the surface to be more Hayekian “organizations” than “orders” (Hayek 1973), to the extent that classrooms are about more than just the transmission of knowledge but its discovery as well, they do contain elements of spontaneous orders. Like markets and other large-scale social processes, classrooms are sites of social learning.

Again, it should be emphasized that most proponents of these pedagogies are not arguing there is no place for the traditional lecture. Sometimes knowledge has to be “transmitted” rather than discovered. Rather, they are saying it is not the only way to teach because often it is not the best way to ensure that students are learning. For most of what students will do after college, the ability to be discoverers of knowledge and having “learned how to learn” will be crucial. In many ways, the central goal of a liberal education is to facilitate young people developing the ability to be entrepreneurial in how they interact with learning over the rest of their lifetimes. Many LACs speak of cultivating “lifelong learners.” Doing that well requires something akin to entrepreneurial insight of a Kirznerian (Kirzner 1973) sort: it’s not that one knows all the answers, but that one knows how to learn.

If faculty really do believe that learning should be the focus of a college classroom, rather than valorizing only what the teacher wishes to do, then they should be open to a variety of means to achieve that end. These more “Hayekian” pedagogies are one set of alternative means. In many ways, this parallels the Austrian critique of standard empirical work in economics. It is not that Austrians think that statistical evidence is irrelevant or never to be used. Rather it is one among many tools to deploy. The reason for that view is that Austrians do not put “prediction” or even “correlation” at the center of the task of applied research.
economics. Rather it is “understanding” that Austrians are after, and with that central goal, there will be a larger variety of means suitable to that end.\(^{15}\) When we shift the focus of the classroom away from the “teacher” to “learning,” we open up a more pluralist approach to what sorts of pedagogies might be most effective in different circumstances. There are parallels to Austrian economics between not only the particular pedagogies that LACs tend to think are valuable, but also to the context of pedagogical pluralism in which they sit.

One final observation about LACs and pedagogy as they relate to Austrian economics is worth making because it is one dimension that might be more challenging for Austrians. One of the hottest trends at LACs today is collaborative research between faculty and undergraduates, particularly in the sciences. This might be one area where Austrians are at something of a disadvantage compared to mainstream economists. It may well be easier for the typical economist to partner with a very talented undergraduate by asking him or her to gather data or run some fairly basic regressions than it would be for an Austrian to produce a journal quality article with such a student. The kind of work that Austrians do, which often requires having read and digested a large amount of economic theory and/or having done some fairly hands-on archival historical research may be out of the reach of undergraduates. However, it’s very possible for Austrians to work with such students on more policy-oriented work or a paper for a more general audience outlet, and there are numerous examples of these collaborations already produced. So this element of the world of LACs may not be a barrier for Austrians, but it is also not likely to be an advantage. And Austrians who work at LACs will have to think carefully about how to make such collaborations happen.

Conclusion

My argument herein attempts both to explain why Austrians seem to have congregated at LACs and to suggest that this not necessarily be viewed as a consolation prize for not being able to obtain positions at research institutions. Austrians are a natural fit for LACs in a variety of ways and that environment can provide Austrians with a congenial place to do the sorts of research they prefer to do and to work closely with interested and bright undergraduates. To be clear, a school of thought that only targeted LACs for jobs would not be able to replicate itself – having Austrians at PhD granting institutions is a must. However, students who go on to graduate school must come from somewhere, and quality LACs can serve as very effective “farm teams” for those PhD programs, especially if those LACs have more than one sympathetic faculty member and some funds to support programming for interested students. The division of labor that characterizes so many cooperative human endeavors is at play here too. As Austrians think about how best to flourish in the years to come, I would argue that they need to recognize that LACs are likely to find Austrians to be a good hire and that such institutions can become very effective bases from which to generate good work and feed students into graduate programs.

Those lessons apply equally well to other economics and finance educators who share the broad educational goals and emphasis on teaching that characterize LACs. Some of the elements of the Austrian school uniquely position them as good matches for LACs, but a good number are values that almost anyone can adopt. Too often graduate school faculty train students to be replicas of themselves and to only see another PhD program as an acceptable placement goal. Examining the reasons why Austrian school economists have found LACs to be such congenial homes points to an alternative placement goal that might better match the abilities and preferences of some new PhDs while also serving as a feeder program back to the graduate programs. Thinking more broadly about how we train PhDs and what sorts of values we convey to them might open up new possibilities for professional success.

\(^{15}\) See Chamlee-Wright (2010) for a vigorous defense of a broader variety of empirical techniques Austrians might use in doing applied work.
References


