

BOOK REVIEW

Linsbichler, Alexander. Viel mehr als nur Ökonomie: Kopfe und Ideen der Österreichischen Schule der Nationalökonomie

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Interwar Vienna will forever be connected to the Wiener Kreis and logical positivism. But as our knowledge of that period expands, we have learned that this circle was only one among dozens of regular gatherings of artists, intellectuals, mathematicians, psychologists, and economists in intimate, tight-knit groups of friends. Furthermore, despite the association of the Wiener Kreis with abstract (analytical) philosophy, most of these circles practiced what is better described as integrative synthetic philosophy. They frequently felt they were part of larger intellectual developments or movements, they crossed disciplinary boundaries, and they often had much broader conceptions of knowledge than those held in contemporary academia.

In this book, Alexander Linsbichler presents the origins of the Austrian School of Economics as arising from this same intellectual milieu of fin-de-siècle and interwar Vienna, and he argues that the Austrian economists were after much more than economics. He is right: the group of economists, sometimes more admired outside of Austria than within, did not present a narrow economic theory. Instead, thinkers like Carl Menger, Ludwig von Mises, Joseph Schumpeter, Friedrich Hayek, and Martha Stephanie Braun integrated their economics with a theory of history, an epistemically-oriented liberal political philosophy, a new understanding of social knowledge and coordination, and an integrated framework for understanding human action known as praxeology.

In Linsbichler's richly illustrated book, the key figures of the school come to life in succinct biographies that never lose sight of the intricate personal and intellectual connections between the four generations of Austrian economists he identifies. The book is enlivened by the social history of the different seminars that formed the heart of intellectual exchange for most members of the school, including the ecumenical seminar of Eugen Von Böhm-Bawerk, which was home to Mises and Schumpeter as well as to Austro-Marxists like Rudolf Hilferding and Otto Bauer in the years leading up to World War I; the more selective circle around Mises and its idiosyncratic rituals, such as the shared songs; and the continuation of the circles in Little Vienna (Klein Wien) in New York after the great intellectual migration of the 1930s.

The author's goal in the chapters that focus on a particular individual is not to be historically exhaustive but instead to bring out connections between the different thinkers and to explain some of their key ideas, regularly in connection to more contemporary economic ideas. In the chapter on Böhm-Bawerk, for instance, he draws a connection between the Austrian theory of capital and the modern notion of human capital, as well as the Austrian theory of interest as the reward for abstaining from current consumption and recent experimental work in behavioral science, such as the famous "marshmallow test."

Aside from the many historical photographs in the book, the key ideas are explained with the help of illustrations for the non-specialist, making the book accessible to a broad audience. Unlike most other histories, Linsbichler also pays attention to the women who were part of the Austrian School. In the chapter focused on Martha Stephanie Braun he also highlights the contributions of Helene Lieser, Ilse Mintz, Marie Karger, Vera Lutz, Vera Smith, and in the present the American Austrian Deirdre McCloskey.

Linsbichler cannot avoid a discussion of the contested legacy of the school, which by its opponents has been characterized as ideologically driven, cliquish, and at times even antiscientific. He does so mostly indirectly, in what I consider the most convincing way possible. He shows the significant and important historical debates that members of the school were engaged in: initially with the progressive reformers of the German Historical School, later with the Austro-Marxists and technocratic socialists during the economic calculation debate, with the rising totalitarian movements on the right and left during the 1930s and 1940s, and with social democrats about the role of the state in the domestic economy and with economic nationalists of various kinds over trade policy and monetary policy internationally after World War II.

Whether one will agree with the “Austrian” position in all these debates—and I certainly think they have history on their side in quite a few of them—does not matter much. Linsbichler makes clear that they were serious and engaged discussion partners in each. Their synthetic social philosophy engaged them in some of the most fundamental exchanges of the twentieth century about the philosophy of the social sciences, such as the role of theory and history, the role of subjective beliefs in the social interaction, and the possibilities of social engineering based on scientific expertise. Inevitably, these debates also concerned some of the key political questions of the past one hundred and fifty years. Not even their most sceptical critics could deny that they were an intellectual force to be reckoned with. Overall, Linsbichler has produced a contemporary retrospective of the key figures of the school with a fresh look at their social network and intellectual legacy. It proves beyond a doubt that the Austrian School of Economics has much more to offer than economics—just like this book has more to offer than just an overview of their economic ideas.