

BOOK REVIEW

Viel mehr als nur Ökonomie: Köpfe und Ideen der Österreichischen Schule der Nationalökonomie

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There are many books introducing the Austrian School of Economics. They approach the topic from different angles. Schulak and Unterköfler (2011), for example, take great care in putting the evolution of Austrian economics into its historical context, describing the specific conditions of time and place under which its main proponents have developed their ideas. They make the main protagonists relatable to the reader. Holcombe (1999), in contrast, provides an overview on a selection of 15 authors that are important forerunners or representatives of the Austrian School. Each one is presented in a separate chapter written by a designated expert. This is a more eclectic, but still very informative approach that focuses primarily on theoretical ideas and their connections.

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Dr. Alexander Linsbichler (2022) has recently added another book to the list and it is a worthwhile addition. Written in German, it combines in many ways the strengths of both the aforementioned publications. Dr. Linsbichler focuses exclusively on Austrian Austrians, that is, proponents of the school that were active in its epicenter Vienna prior to World War II.

The book contains ten main chapters each dedicated to one thinker in roughly chronological order of their dates of birth: Carl Menger (1840–1921), Friedrich von Wieser (1851–1926), Eugen von Böhm-Bawerk (1851–1914), Ludwig von Mises (1881–1973), Joseph Alois Schumpeter (1883–1950), Martha Stephanie Braun (1898–1990), Friedrich August von Hayek (1899–1992), Gottfried Haberler (1900–95), Fritz Machlup (1902–83), and Oskar Morgenstern (1902–77).¹ The book covers a broad range of aspects of Austrian thought, each chapter containing both biographical details as well as an exposition of the main ideas of the respective author and how they relate to the ideas of other thinkers inside and outside the Austrian tradition. Some might argue that not all the selected authors belong to the Austrian School properly speaking, but Dr. Linsbichler is fully aware of that and explains some of the conflicting views within the group very well.

He also makes references to some tensions among proponents of the modern Austrian School. In particular, he argues that there always has been a more radical branch that pursues a “strategy of confrontation” vis-à-vis the established mainstream of economics, and a more moderate branch that pursues a “strategy of compromise” trying to establish common ground with the mainstream. Dr. Linsbichler (2022, 79) suggests that this unintentional division of labor might be the very key to the success (or rather longevity) of the Austrian School in the United States, as any heterodox school of thought needs both a radical wing that further develops the characteristic features that define the school and secure its independent existence as well as a more moderate wing that contributes to the transfer of ideas into the mainstream and protects that school from intellectual isolation. Dr. Linsbichler emphasizes throughout the

¹ “Roughly chronological order” because Böhm-Bawerk was actually born a couple of months before Wieser, and Morgenstern was born in January and Machlup only in December of 1902. The reader who can overlook these egregious inaccuracies will nevertheless learn quite a bit from reading the book.

book the importance of critical discussion and the openness to the possibility of being wrong for the advancement of scientific inquiry. These ideals were held up, as he shows, in the famous Mises Seminar which brought thinkers of very diverse backgrounds and persuasions together during the interwar period, many of whom embarked on very successful academic careers afterwards.

The book is full of interesting and fascinating anecdotes out of the lives of the ten selected proponents of the Austrian School and their acquaintances. For example, Dr. Linsbichler (2022, 45-46) tells the story of Richard Schüller's escape from the national socialists. Schüller was a senior participant in the Mises Seminar and Menger's last postdoctoral student, sometimes referred to as his favorite student. Schüller underestimated the danger after the *Anschluss* of Austria into the Greater German Reich in 1938 and stayed in Vienna when he could still leave the country legally. Only a couple of months later he realized his mistake and set out to cross the Alps on foot at the age of almost 70 years. He succeeded but was captured by the Italian border police who threatened him with imprisonment or deportation back to Greater Germany. Schüller claimed to have met Benito Mussolini once before, during negotiations on trade agreements between Italy and Austria. The *Duce* answered a corresponding inquiry personally by telegram on the same day: "My friend Schüller is welcome. – Mussolini." Schüller was thus able to flee via Italy and England to the United States where he spent the rest of his life until the age of 101.

Dr. Linsbichler (2022, 122) also tells the story of how another attendee of Mises's seminar had first met Mises. Alfred Schütz was waiting with fellow students at the Export Academy, now the Vienna University of Economics and Business, for their final examiners that were selected by the government. To the horror of Schütz's colleagues, they saw Mises enter, who had a reputation as an exceedingly strict examiner. Mises quickly recognized Schütz's extensive economic knowledge and questioned him on John Bates Clark's theory of capital. Finally, two seemingly casual questions followed: had Schütz actually read Clark's book? – "To be honest, yes." – And whether Schütz had read the English original or a German translation? Schütz asserted that he had really read the English original, to which Mises replied, "I'm glad you answered that way. For there is no German translation."

Chapter 7 of the book on Martha Stephanie Braun is particularly interesting, because she is rarely discussed when it comes to the proponents of the Austrian School. Braun was one of the female attendees of Mises's seminar along with Marianne Herzfeld, Helene Lieser, Gertrud Lovasy, Ilse Mintz (daughter of Richard Schüller) and Elly Spiro. Dr. Linsbichler (2022, 152–54) writes that "Mises made an important contribution to the intellectual and professional development of almost all women of the Austrian School of Economics of that generation. His targeted support of female students, unusual in Vienna at the time, was also expressed in the personal invitations to his seminar." Martha Stephanie Braun first studied at the University of Vienna and then in Freiburg, Germany. She returned to Vienna after the faculty of law and economics of the university opened the doctoral program for women in 1919. In 1921, she was one of the first female students to obtain a doctorate degree in economics with a work on Mises's monetary theory applied to problems of monetary policy, particularly on effects of certain legal norms related to paper money. In her main work *Theorie der staatlichen Wirtschaftspolitik* (Braun, 1929), she showed that in most cases political interventions do not actually reach the goals that were officially declared. It was, however, impossible for her to obtain the habilitation with her work. As Dr. Linsbichler (2022, 148) puts it: "Back then there was no room at the University of Vienna for a woman, from a Jewish family at that, whose conclusions from her own research suggested a liberal economic policy. In Germany her book was even banned in 1933."

Overall, the book is a fascinating read and contains a lot of material that will be new even to readers who are already well versed in the Austrian tradition. There are, however, two main weaknesses of the book.

First, there remain many typographical errors and unnecessary repetitions which should have been corrected in the reviewing and editing process. The graphical representations and descriptions on p. 120, for example, are in English, although the book is written in German. The example given at the bottom of p. 54 to explain the labor theory of value confuses tables and armchairs: "If a rocking chair is exchanged for three *tables*, it is because three times as much labor time must be spent to produce a rocking chair as to produce an *armchair*" (emphasis added). There are many more examples like this, but they are of course minor problems and can be overlooked.

The second weakness, in my opinion, is more important. At the beginning of the bibliography, the author declares that a conscious decision was made to avoid direct references in footnotes or the main text to improve the reading experience. This is a big mistake. It would have been much better to have direct references in the text. The reader now finds countless interesting and inspiring citations throughout the book and does not know where they come from. Some of the claims made by Dr. Linsbichler are very intriguing and would have been much more persuasive with a direct reference to the relevant sources. For example, was Menger really an advocate of free love (p. 49)? What modern reconstruction of Hayekian and Keynesian theories suggests that there is empirical equivalence (p. 186) between them when it comes to the long-run effects of stimulus measures (not merely the short-run effects)? Did Oskar Morgenstern himself hold antisemitic views that he overcame because Othmar Spann spread the rumor that Morgenstern was a Jew to prevent his habilitation (p. 223)?

Concerning Mises's methodological and epistemological position, Dr. Linsbichler (2022, 115) writes: "One of the philosophically and logically tenable justifications of praxeology from a modern perspective interprets the claim to *a priori* truth as conventionalism." This is of course an indirect reference to the author's own interpretation of Mises's praxeology (Linsbichler 2017, 2021). A direct reference in the text would not have hurt.

Adding references to the main text would be a great improvement of the book, which is currently prepared for publication in English. I recommend that all English speakers interested in the Austrian tradition read the book once the translation is published. Dr. Linsbichler who is himself based in Vienna and works at the University of Vienna is immersed in the primary and secondary literature on the Austrian School. This shines throughout the book.

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