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Skyscrapers, Böhm-Bawerk, and the K-Shaped Economy: A Conversation with Dr. Mark Thornton

A Rothbard Graduate Seminar interview, conducted on behalf of Masaryk University

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I sat down with Dr. Mark Thornton — Senior Fellow at the Mises Institute and author of *The Skyscraper Curse* — during this year's Rothbard Graduate Seminar in Auburn, Alabama on June 10th, 2026. My goal was simple: give students back at Masaryk University, a school with its own deep tie to the Austrian tradition through Eugen von Böhm-Bawerk, who was born in Brno, a way into the Mises Institute, into Austrian economics, and into Thornton's own work on business cycles, skyscrapers, and inequality.

What follows is a lightly edited transcript of that conversation.

Editor's note: An audio recording of the full interview is available. This transcript was originally transcribed by hand and has been partially edited and polished with AI assistance for readability.

On the Mises Institute and the Rothbard Graduate Seminar

RSK: For students at my university who may be hearing about the Mises Institute for the first time, how would you explain the Institute, and why does this small institute in Auburn matter?

MT: That is a very good question. We are a small nonprofit organization dedicated to providing educational services for everyone in the world for Austrian economics, which is the oldest school in economics. It is probably the smallest school in economics, but it is also the fastest growing school in economics.

RSK: What makes the Institute different from a normal university economics department?

MT: There are a lot of differences with a typical economics department at a university. We are not really a university. We only have four faculty members in-house, but we have dozens of affiliate faculty all around the world.

We have two academic journals. We have several educational programs in-house for the general public, high school students, college students, graduate students, professionals, and

people in academia. We also do a whole lot of public outreach through our webpage and through podcasts.

We have this huge library here at the Institute — audio and video lectures, and articles of all kinds.

RSK: I am here for the Rothbard Graduate Seminar, which is a brilliant and really special opportunity for me. From your perspective, what makes RGS important for young students of Austrian economics, or economics in general?

MT: Our educational programs are a capital-building program for us. Of course, each one of the programs is fit for a different audience.

We have the webpage to introduce people of any sort, really. Then we have Mises University for undergraduate students. Then we have the Rothbard Graduate Seminar, where graduate students come in and explore their topics under the lens of Austrian economics.

After that, we have the Summer Fellows program, where students come in for the entire summer period. We have graduate students from around the world who do this, mostly in economics, but also in business and finance, history and philosophy, political science, and international relations. We have had many different types of students because Austrian economics is useful in really any field. That makes for a very interesting summer.

RSK: What do you hope students take home after spending a week here?

MT: I think the biggest thing is that Austrian economics, as an old school coming from the old classical school, relies on deduction to develop economic theory applied to human action.

Human action is universal. It concerns things everybody does in similar ways, such as responding to prices. That is the core of the solution that Austrian economics provides. I think seeing that demonstrated is a real eye-opener and a career-builder.

Austrian vs. Mainstream Economics

RSK: Many students first learn economics through mainstream textbooks. At our university, it is more or less similar. What is the biggest difference between the mainstream approach and the Austrian approach?

MT: There are a lot of similarities, actually. Most of the opening chapters in a mainstream economics textbook are really derived from the contributions of Austrian economics, starting with Carl Menger in Austria.

The whole notion of supply and demand and price determination, the notion of comparative advantage, the notion of opportunity cost, and the idea that economics is a science of ends and means under scarcity are all built into the beginning chapters that are used in both microeconomics and macroeconomics.

Of course, after that there are a lot of differences. A mainstream textbook often looks more like an encyclopedia chopped up into different topics. In Austrian economics, everything is not just understandable, but we try to build it sequentially. You build one thing after another consistently throughout the entire book.

RSK: Is the difference mainly in the method, or can we also see that difference in policy recommendations and conclusions?

MT: It definitely starts with methodology. Austrian methodology looks at human action and tries to deduce logically what people will rationally do and how they will respond.

People produce in order to consume. They save in order to become wealthier over time. They trade to take advantage of the mutual benefits that are available to be discovered and used. That is true whether we are talking about an employer looking for an employee, an employee looking for an employer, or a household looking for products to buy.

It is all intertwined and based on the solid method that Austrians use. Then we use that to deduce theory. Of course, the theory often takes us in very different directions in terms of policy recommendations.

Böhm-Bawerk, Brno's Own Economist

RSK: My fourth question is especially meaningful for me and my university. Eugen von Böhm-Bawerk was born in Brno, where Masaryk University is today, and he is regarded as one of the most important early Austrian economists. I also saw his portrait here at the Institute. Why is Böhm-Bawerk important for Austrian economics and economics in general?

MT: He is really foundational to many of the structures of the contributions of Austrian economics.

He was one of the first people to discover the genius of Carl Menger and his book *Principles of Economics*. Menger became a professor at the University of Vienna, and Eugen von Böhm-Bawerk was one of the first people to realize the importance of that contribution.

Böhm-Bawerk, who was brilliant in every respect, made substantial contributions building on Menger. He gave us a very modern, well-reasoned illustration of how prices are formed, which is really the basis of the profession. He gives us the standard interpretation of the foundation of

interest rates in the economy. He gives us one of the first explanations of capital and capital development, and how capital relates to production in the economy.

So Böhm-Bawerk gives us brilliant illustrations of how we can rely not just on our imagination, but on concrete examples and models about how the economy works. He is one of the most important Austrian economists of all time. And, of course, he was also a multiple-time minister of finance in Austria. His picture is not just in the Mises Institute, but also on the old Austrian currency. It is hard to imagine somebody being more important than that man.

RSK: I remember seeing the 100-schilling note with his picture in one of the museums in Vienna. They still have that legacy of him.

MT: It was not just that he was an able public official. He was also responsible, as finance minister, for helping keep Austria on a sound economic footing. There were many tendencies in Europe at the time to move toward less efficient and less rational economic systems. Böhm-Bawerk was very forceful and convinced people from across the political spectrum of the proper way for a stable, advancing economy. It was not just that he was good at pushing paper around.

"Anti-Empirical"? Answering the Biggest Misconceptions

RSK: I would like to ask a more controversial topic, which is also funny to ask you because of your empirical work. What are the biggest misconceptions about Austrian economics? For example, some people say it is fully anti-empirical, anti-science, or that Austrian economists are just political ideologues. How would you respond?

MT: I kind of giggle when I hear people explain to other people what they think Austrian economics is all about.

We do get charged with being normative, out of date, and phobic of mathematics and statistics. The truth is that Mises and Rothbard, for example, two of the modern Austrian economists that we follow, were experts in all sorts of fields, including statistics, mathematical uses in economics, history, and philosophy. These people knew the whole scope of the human sciences.

We often get labeled as normative, but the truth is that this is very much backwards. Austrian economists have a format when looking at policy-relevant issues. First of all, we try to figure out how things work in the first place. If you do not know how things work, you do not know what caused the problem or how to fix it.

So we start there, and then we look at what caused problems in the original well-functioning aspects of the economy. From there, it is pretty easy to determine what we have to do to fix things.

When Ludwig von Mises started and participated in the socialist calculation debate from roughly the 1920s through the 1950s, he started by showing that socialism is economically irrational as a system. It did not have the means to rationally calculate the value of goods and services and capital goods, going back to Böhm-Bawerk and the rest.

So Mises was building upon Böhm-Bawerk and Menger, and he showed why socialism was economically irrational, in the sense that it was not a proper means to achieve people's desired ends. That then leads to the solution of restoring markets and private property.

Ultimately, Mises was vindicated by the breakdown of neo-socialism in China and Russia, where they had access to world prices and world markets. We can see the empirical results. China went from an economic basket case to a world economic superpower. We can also see it in the relative performance of European economies. Some have continued moving toward more socialism and central planning. Others have moved away from central planning toward more market orientation. The relative performance statistically speaks for itself.

RSK: One more addition on the empirical point is that Mises was one of the people behind the Austrian Institute for Business Cycle Research in Vienna, and that institute is still alive today. That is not always known.

MT: Yes, exactly. The empirical study of business cycles.

The Skyscraper Curse and Austrian Business Cycle Theory

RSK: Let me ask about your famous work, *The Skyscraper Curse*. We can also connect this to Austrian business cycle theory. Your book is one of the works that helped me talk about Austrian economics a lot — I showed it to my friends. It is an easy read, and it explains the idea very well. A colleague of ours at RGS said he was able to debate Bryan Caplan by using this book as a good anchor. Could you briefly explain the main idea of *The Skyscraper Curse*?

MT: I am very grateful for that.

The skyscraper curse is that the building of a world-record-setting skyscraper is associated with a world economic crisis or a big economic crisis. There is good empirical evidence on this going back 150 years now.

That seems strange, obviously. But it is not the building itself that causes the crisis. The building of the record-setting skyscraper is an illustration of Austrian business cycle theory. It usually happens in periods of artificially low interest rates, which build up artificial momentum and investment in the economy.

That includes world-record-setting skyscrapers, where advanced technologies are brought into the economy rapidly all at once. Whether you are building skyscrapers, factories, computer technologies, artificial intelligence, or other things, we have this skyscraper evidence going back 150 years.

I think Austrian business cycle theory explains booms and busts, and skyscraper world records fit nicely into that story. You have money supply, interest rates, expansion, and the quick introduction of many technologies. Shortly after that, many of those industries with advanced technologies go bust, whether computer chips or different things in the past.

In the Great Depression, we had the Empire State Building and other records set in New York City around the time of the stock market crash. We also had new technological goods like radios, aircraft, refrigerators, and many other things. So it is a great illustration.

RSK: Could you explain Austrian business cycle theory in a simple way for someone who does not know it?

MT: As Böhm-Bawerk taught us about interest rates, the market interest rate regulates business investment and expansion. What regulates the interest rate is the amount of savings we do.

If we save, that works its way into banks and finance, and then into capital expenditures. Real resources are being forgone in the form of savings, and future investment and production of goods and services are there to match. So it is a stable system.

But when the central bank comes in and artificially lowers the interest rate by injecting more money and more credit into the system, that means there is actually less savings but more investment. So there is a breaking of the Böhm-Bawerkian linkage. You get too much investment without the real resources being allocated to produce those capital investments.

That creates a boom in the economy. Capital spending generates the economic activity that everybody hopes for. But ultimately, because there is a disconnect between resources set aside and resources used, the economy is going to suffer a severe contraction.

Some Austrians have called this a cluster of entrepreneurial errors. Why do all of a sudden many entrepreneurs in a particular industry fail at the same time? Austrian business cycle theory explains that.

It also explains regular price-level inflation, and it helps explain the K-shaped economy. During the boom phase, the wealthy get much wealthier as asset prices are built up and people become more leveraged. The wealthy get very rich. They also lose a lot of money in the bust, but the working class mostly gets higher prices. Most people are harmed in the process, and they have less savings in the end.

Interest Rates, Inequality, and the K-Shaped Economy

RSK: Would you connect the modern inequality discussion — for example Gabriel Zucman and Thomas Piketty — to Austrian business cycle theory?

MT: There is no question.

In the United States, the central bank has systematically kept interest rates on the low end for decades. In certain periods, including the last several years, the central bank has kept interest rates very low. The inflation-adjusted interest rate in the United States right now is less than one percent.

So it is no surprise to Austrians that we are getting this vast increase in inequality. It is part of our analysis. It has been a very popular topic for me. I do a lot of podcast interviews, and everybody knows there is a K-shaped economy, but many people do not have a theoretical and understandable explanation of why it is happening.

Many people say, "Give more welfare," or "give a living wage," or "give this or give that." But that does not really solve the problem because they do not understand the problem. They do not know what the cure is.

Austrians have a good, theoretically based analysis of why there is this K-shaped economy, and why we had the same thing in the 1920s. This was a big problem in the 1920s. It was also a problem in the 1960s, and now it is a problem again — more extreme than it typically is under our central bank. But it can happen under any central bank.

Advice for Students Studying Austrian Economics Abroad

RSK: What advice would you give to students in Europe who are interested in Austrian economics but may feel intellectually alone at their universities? Is there a way to include elements of Austrian economics in their research and studies?

MT: Any level of understanding Austrian economics is going to help you.

Whether you are primarily in economics, finance, marketing, accounting, history, philosophy, or logic, it is going to be helpful and encouraging. Austrian economics is easy to understand. It is not like mainstream economics, where you have to have courses in math and statistics and all the rest, and then there is a lot of boring stuff that has to be put into the mainstream texts as well.

Everything in Austrian economics is understandable. We have people writing in who are learning Austrian economics from our webpage. There are people in the Amazon River basin

who are connected to us. We have people writing in from Mongolia, and from other places all around the world. Some are stationed on faraway military bases or work in warehouses around the clock.

The webpage is written for everybody. We have daily articles you can subscribe to, and podcasts you can subscribe to, which range from current events to economic theory. My *Minor Issues* podcast is somewhere in between, and it is short, only about ten minutes.

Once you see the value in Austrian economics and the webpage, you might want to go to Mises University. If you see it as a career, then you might want to go to RGS and the Summer Fellows program. European universities also have graduate degrees where Austrian economics is part of it. So even though it is limited today, it is much better than when I started.

RSK: That is good to hear.

MT: There was no internet. That is how old I am.

Book Recommendations

RSK: What book or books would you recommend to someone who is just getting into economics, and then specifically into Austrian economics?

MT: I think that depends on their interest.

I would start with daily articles and get a taste of what it is all about. Then look around at the books. You can search Google for the title and the author plus "PDF" to see if it is available from us for free. Sometimes we have audio versions and foreign-language versions too.

Then look for your area of interest. There is a lot of material on management. There is a lot of material on economics, obviously. In my book on business cycles, we have textbook approaches and economic treatises. The value of being able to download books is that you can look at them like you would in a bookstore and see if they are right for you.

RSK: If you had to recommend one book to a high school or undergraduate student, what would you recommend? I know that is a hard question.

MT: It is a hard question. It really is.

I would recommend my book on skyscrapers to anybody interested in macroeconomics, a micro-based macro approach, and business cycles. The second half of the book is all about case studies in America: who predicted past business cycles and who did not. I think that is interesting reading.

I also have a book on *The Economics of Prohibition*, one of the very few books on that subject. I have a book on Richard Cantillon's *Essay on Economic Theory*, which was written 250 years ago — the first book in economic theory, and Cantillon was very much in line with what Austrians have done. I translated it into English, and it is available in audio.

I have also written a book on the economics of the American Civil War, which is a very small book. I do not draw out the Austrian contributions explicitly, but they are all there in the background.

RSK: Out of curiosity, who do you like to read among mainstream economists?

MT: I have read a lot of popular books in mainstream economics. I started with Milton Friedman and read his books. I have read the *Freakonomics* books and that sort of thing.

I have also looked at recent books on economic inequality. As those developed from Thomas Piketty, he reveals himself moving from a statistician with many flaws to really an ideologue — in his case, he is proud of it. I find his work fascinating because he sold so many copies and had such influence, and yet I cannot find many people who have actually read his books.

I also like reading a lot of mainstream economic historians because I find a lot of good material. But I also find where the errors are, and those errors can often be attributed to not understanding Austrian economics.

I have developed many areas of interest. For example, in the economics of slavery, I apply Austrian economics to explain the vast battle between economic historians and American historians — not how to bring those two approaches together, but what separated them in the first place.

A Final Word for Masaryk University Students

RSK: We are going over time, and I do not want to take too much more of your time. What would be your final message to Masaryk University students? Would you suggest they check out Mises University or come to RGS?

MT: I would definitely take a look.

You are going to find something interesting and understandable. If you are interested in economics, or even if economics is important for your major, the great thing is that you can understand it and apply it to other areas.

It certainly works if you are an economics major or going to graduate school in that area. Then you would definitely want to apply to Mises University. We would love to have you.

RSK: Thank you so much, Dr. Thornton. I really appreciate your time. I hope this interview will help my friends and students at Masaryk University discover Austrian economics and the Mises Institute.

MT: You are welcome. I enjoyed it, and I look forward to meeting some of those students.

Recep S. Kocyigit is a student at Masaryk University and a participant in the Rothbard Graduate Seminar 2026.

Dr. Mark Thornton is a Senior Fellow and resident faculty member at the Ludwig von Mises Institute, where he serves as Book Review Editor of the *Quarterly Journal of Austrian Economics* and held the Peterson-Luddy Chair in Austrian Economics from 2021 to 2023. He is also a Research Fellow at the Independent Institute. Thornton earned his B.S. from St. Bonaventure University in 1982 and his Ph.D. in economics from Auburn University in 1989, where he went on to hold the O.P. Alford III Chair and teach as an adjunct professor until 1997. He then served as Alabama's Assistant Superintendent of Banking and as an economic adviser to Governor Fob James, before returning to academia as an Associate Professor of Economics at Columbus State University from 1999 to 2002. He is the author of *The Skyscraper Curse*, among other works.