

## THE AUSTRIAN MARKET SHARE IN THE MARKETPLACE FOR IDEAS, 1871–2025

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Over the generations, the popularity of the Austrian School's approach to economics has risen, fallen, and risen again. Figure 1 represents a speculative guess at the "market share" of Austrian ideas among academic economists, where "Austrian" is broadly defined as individuals who believe in, or are at least highly sympathetic to, most of the core doctrine emanating from the Austrian School founded by Carl Menger. Even in its resurrected state, only a very small proportion of economists today consider themselves Austrian, and the economics profession is probably far less Austrian in its outlook than a century ago.

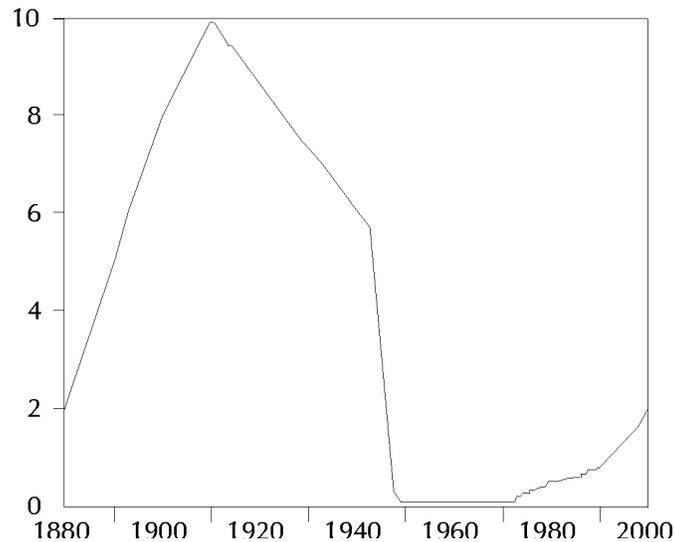
Presumably the rise in the last generation of Austrian economics' market share in the academic milieu reflects mainly the empirical fact that Austrian concepts have proven useful and relevant in explaining contemporary human economic action. Part of the change in popularity of any school of thought, however, also relates to the way ideas are marketed. The mode of dissemination may be important in determining the extent to which the rise in Austrian market share observed over the past generation continues in the next one. Part of the issue, of course, relates to how and what Austrians say—what McCloskey (1985) calls the "rhetoric" of economics. But much also relates to where Austrians speak. Should Austrians, against long odds, try to penetrate the mainstream forums for disseminating ideas, especially the leading economic journals? Or, should they continue to build an intellectual infrastructure that reaches a small but growing audience of sympathetic academics and parts of the broader public through think tanks like the Mises Institute and journals like the *Quarterly Journal of Austrian Economics* and the *Review of Austrian Economics*?

This article argues that there are advantages to both approaches, and that under some circumstances, the overall dissemination of Austrian economics is maximized by attempting to publish in mainstream outlets, whereas in other cases,

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**Figure 1**  
**Percent of Economists Who Are "Austrian": 1871–2000**

the Austrian School's influence is likely to be enhanced by utilizing the newer outlets for publications created by the Austrians themselves. As in the private market economy, the Austrian scholar has to assess probabilities and consider trade-offs in deciding on how to proceed. Also as in the market economy, the academic entrepreneurial judgments made sometimes will be inaccurate, but they must be made nonetheless.

We would recognize, of course, that defining what is "Austrian" is not without difficulty, since there are differences within the school itself as to what constitutes the corpus of Austrian economics. If one were to ask, say, Peter Boettke or Karen Vaughn at George Mason University to distill the essence of Austrian economics into 250 words, their description might differ in important ways from that of, say, Joseph Salerno of Pace University or Roger Garrison of Auburn University.

Indeed, while the label "Austrian" is a useful generalization to describe a group of scholars with a similar perspective, each individual scholar has his own unique positions on issues; there are few persons with absolutely identical views regarding all economic phenomena. Some economists, ourselves included, are classical liberals in our outlook, appreciating insights from the Chicago School, the Public Choice School, some New Institutional Economics, and other free-market perspectives that often complement rather than rival Austrian ideas. Like Leland Yeager (1997), we think one can be "fellow travelers" of both the Austrian and Chicago schools simultaneously. Does that make us less Austrian? We suspect that there is probably no universal agreement as to the answer to that question.

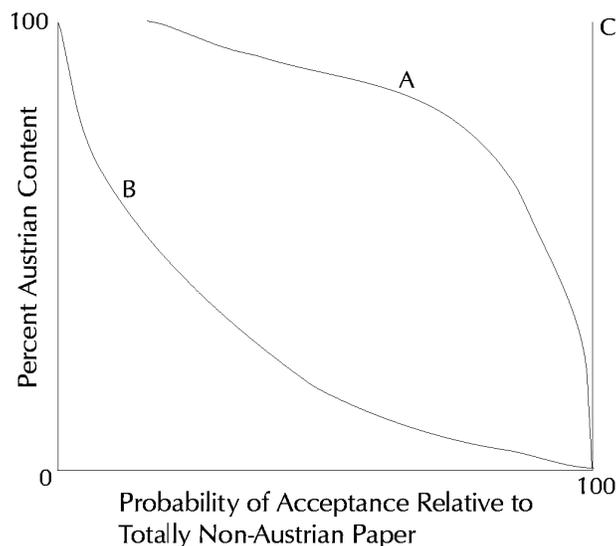
### THE PROBABILITY OF JOURNAL ACCEPTANCE TRADE-OFF FACING AUSTRIANS

Putting these issues of taxonomy aside, most journal editors and referees are neither Austrian, however defined, nor overly sympathetic to Austrian ideas. They do not like the non-quantitative methodology used by most Austrian scholars, and do not like Austrian criticism of neoclassical and other writers for whom they have great respect. They may also abhor the laissez-faire policy prescriptions that seem to follow either implicitly or explicitly from Austrian ideas. Thus, an Austrian economist seeking to publish in a major mainline journal faces a dilemma: the more overtly Austrian the paper is, the greater the probability of rejection. By disguising somewhat a paper's Austrian nature, the author can enhance the probability of acceptance, but at the cost of diluting the Austrian message. Peter Boettke (1994, p. 604) put it well:

Most of the articles by the younger generation of Austrians that have appeared in the top professional journals are strategic articles. These articles take the form of either "tenure articles" (that is, articles which do not even pretend to advance Austrian ideas but rather that pass the professional test needed to earn tenure) or "synthesis articles" (articles which find a sympathetic trend within the mainstream and then try to build a bridge to Austrian ideas—which are usually hidden in the footnotes).

Is it worth it? Is one compromising too much of the truth or one's principles for a small amount of academic respectability and a few shekels of silver (assuming that publication leads to salary increases and tenure)? We would argue that the answer to that question largely depends on the precise nature of the publication probability–Austrian content tradeoff. Consider Figure 2. If the Publication–Austrian

**Figure 2**  
**Publication Probabilities vs. Austrian Content**



curve looks like A, the author might well submit a paper to the journal with a 75 percent pure Austrian message (relative to the message he would send to an explicitly Austrian journal such as the Quarterly Journal of Austrian Economics), reducing the probability of acceptance by only 20 percent from what it would have been if the article were devoid of Austrian content.<sup>1</sup> Many writers would say that would be an acceptable tradeoff: the bulk of the Austrian message is disseminated, and the probability of publication has not been reduced drastically. The discrimination against Austrian economics is insufficiently large to justify abandoning approaching the mainline literature.

Suppose, however, the Publication–Austrian curve looks like B. In such a case, a paper like the one discussed above (with 75 percent “pure” Austrian content), would have a probability of acceptance equal to only five percent of the probability that it would have had if the article were totally non-Austrian. The discrimination against Austrian economics is so pronounced that it is probably better to ignore the mainline journal in question and send the paper to an overtly Austrian outlet. It is presumably the widespread existence of curves like “B” that has spawned the existence of this journal and other outlets for Austrian ideas. In a world of no discrimination for or against Austrian ideas, the curve would be totally inelastic, like C in Figure 2, with no trade-off between the Austrian nature of content and the probability of acceptance. Arguably in such a world, there would be little need for journals devoted exclusively to Austrian topics.

The curves in Figure 2 might be viewed as a mainstream journal editor’s demand curve for Austrian economics. In today’s academic milieu that is still fairly hostile to Austrian ideas, publishing too many Austrian ideas may lower the profession’s view of the editor or his journal. If the Austrian content of any given article is great, to the mainstream editor that is a high “price” to pay for that article, so the quantity demanded is low. Low Austrian content implies a low “price” to pay from the editor’s perspective, increasing quantity demanded. The total amount of Austrian economics published in the journal (“price” times quantity) is maximized when the elasticity of demand is equal to one. As good Austrians know, however, no one knows with precision the shape of the curve in Figure 2, and whether individual scholars maximize the dissemination of Austrian ideas or their own utility is partially dependent on how accurately they assess the knowledge available to them.

Of course, every journal has its own “demand curve,” depending on the degree of discrimination present against Austrian economics. One might surmise that journals with editors with something of a classical liberal, but non-Austrian, perspective might be somewhat more sympathetic to Austrian ideas and have a

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<sup>1</sup>Of course, papers may be rejected for reasons unrelated to their Austrian content, and many top-line mainstream journals have low acceptance rates. To control for this, consider the probability variable in question as the percent of the probability of acceptance that would exist if the paper were “mainstream” in nature with zero Austrian content. Thus, an 80 percent probability means that an Austrian paper has an 80 percent as good of a chance of acceptance as a purely non-Austrian one.

demand curve similar to A or arguably even C (no discrimination against Austrian ideas). Examples from personal experience might include Gordon Tullock during his years editing *Public Choice*, or James Bennett during his continuing reign at the *Journal of Labor Research*. In part, this is because of their sympathy for the power of markets, but partly it is because these editors were or are not afraid to make editorial judgments without going through an onerous refereeing process. One would expect that Keynesian editors are more likely to have a demand curve similar to B, although again they are in part swayed by referee reports which reflect the opinions of individuals with varying degrees of discriminatory feelings against Austrian economics.

Actually, the demand curve in Figure 2 for any given journal will vary with the composition of the individuals reviewing the piece. If, by chance, the editor picks two referees reasonably sympathetic to Austrian ideas, the curve may look like A, while if he chooses two Keynesians, it would look like B. Since for many journals it is difficult to speculate as to who is going to do the refereeing, the possibility of author error in assessing the precise nature of the curve from Figure 2 is very high indeed. The knowledge problem here is even greater than in market situations where price signals help provide entrepreneurs information that moves them towards their optimal decision.

#### PRINCIPLES AND PRAGMATISM

It might be objected that any abandonment of the Austrian message is a sellout, a desertion of the pursuit of truth and of academic principles. Certainly the life of Ludwig von Mises, Murray Rothbard, and some other Austrians is a life of courage, of the dissemination of an undiluted message of pure Austrian belief at great personal cost. At the same time, other Austrians, such as F.A. Hayek and Israel Kirzner, have disseminated Austrian views to fairly wide scholarly audiences, in part perhaps because they have been more accommodating of non-Austrian beliefs. Indeed, most Austrians acknowledge that a significant part of the Austrian revival arose because of Hayek's winning of the Nobel Prize in Economic Science. Hayek, either because of his principled beliefs or for pragmatic reasons related to his career advancement, used rhetoric and content somewhat more congenial to those in the mainstream who confer the prizes and the top professorships. While that strategy enhanced Hayek's income and prestige, it also on balance furthered interest in Austrian ideas.

Virtually all journal articles these days are "censored" by the editor. The message is shortened to meet space constraints, the author is forced to introduce new references to papers liked by the editor or referee, or is required to perform added statistical testing, and so on. Routinely, authors make accommodations to meet either legitimate criticisms or the idiosyncrasies of the editors. Even the most principled scholar must accept this as a condition of getting published.

The double-blind refereeing process typically leads to decisions by committee (the editor and a couple of referees), which the public-choice median voter model

suggests favors acceptance of papers that “don’t rock the boat” and are in the ideological middle. Consider a paper with a high (say 80 percent “pure”) Austrian content, which one reader likes. The other two readers are anti-Austrian, one more so than the other. The second reader wants to reject any paper with any Austrian content, while the third reader is willing to include a little Austrian content (say 10 percent), accomplished by a “revise and resubmit” request that requires excising most Austrian theory or methodology. In the majority rule situation, the “middle” reader (or “voter”) determines the outcome, in this case 10-percent Austrian content. The pro-Austrian reader will probably go along with accepting the paper if even a little of the Austrians ideas survive, and will support the least fanatic anti-Austrian.

Things may be even worse than what the median voter model suggests, however, since journal acceptance is not on a strictly majority rule basis. Many editors will reject a paper that is liked by one referee but hated by another, independent of their own feelings. Most editors do not want to anger their referees. Thus referees often have implicit veto powers. This, on balance, hurts Austrian economists who seldom are in the middle on any economic issue and thus are likely to offend at least one referee. The probability of getting two referees sympathetic to Austrian ideas or at least fair-minded is small in a conventional journal. While the refereeing system thus has its very strong defects and often prevents original work from seeing the light of day, it is a reality of modern academic life.

Austrians have the same options as other scholars. If editorial mandates for revision completely emasculate the intended message, the author can take his business elsewhere. More often, however, at least part of the main message survives in some diluted form after revision, often with some added material that the author considers unnecessary or nonsensical. Suppose a person writes a paper drawing on the Mises–Hayek trade cycle theory, relating business cycles to the deviation of market interest rates from true time preference. Suppose the editor is intrigued by the main proposition in the paper, but demands some econometric evidence that the author finds methodologically questionable or nonsensical. Suppose further, however, that the testing, if performed, actually does seem to support the Austrian perspective, and leads the editor to accept it. While the Austrian writer does not like the revised paper as much as the original, it gets published in the preferred outlet with the main Austrian theoretical point intact. It seems to us that this sort of pragmatism on the part of authors is legitimate and works to further the dissemination of Austrian views in the United States. A far less acceptable editorial demand would be for the author to essentially eliminate the major Austrian theoretical point, keeping in the paper some tangential material which has little to do with the main Austrian message.

#### **A CASE STUDY: GETTING OUT OF WORK PUBLISHED**

Two decades ago, we began looking at historical data relating unemployment in the United States to the underlying wage, price, and productivity structure prevailing in

labor markets, leading us to write a short paper, finished in 1980. We separately spoke to workshops at the Research Triangle and at the University of Chicago about the paper. In 1981, we submitted the paper to the *Journal of Economic History* (JEH), a journal in which we had published three times previously on issues not closely related to Austrian economics. Before the smoke cleared, we dealt with five editors (and even more referees) of the JEH attempting to get part of the message out that ultimately was included in our book *Out of Work*. The original paper went to four referees. After extremely intense revisions (that tripled the paper's length), editor Richard Sylla received two negative referee reports on the final version (although one said "the present piece has many elements of originality as well as technical skill"), and with "Solomonic editorial wisdom" concurred with the referees. This was more than two years after original submission of the paper.

Some prominent economists kept asking "when is that paper going to be published?" Yale Brozen of the University of Chicago was successfully using the paper in his macroeconomics class (Brozen 1983). Martin Bronfenbrenner of Duke (1980), who ultimately wrote a foreword for the book, noted that the paper would have been published quickly in a top journal in an earlier age but might not survive the "the legions of the fancy-schmency" of current technocrats currently running journals. We utilized our connections as staff members at the Joint Economic Committee of Congress to get them to publish an early version of our work (Gallaway and Vedder 1982). At the suggestion of Fred Glahe of the University of Colorado, we finally sent a copy of the paper to Murray Rothbard. During a social occasion at an Institute for Humane Studies seminar in Palo Alto, California in the summer of 1983, we met Rothbard, who indicated interest in publishing the paper in his forthcoming journal, the *Review of Austrian Economics*. Rothbard (1983) confided in us that he did not like the double-blind refereeing system, but was being coerced into following it to demonstrate the presence of scholarly standards. If Rothbard had been a typical ultra-cautious editor, he likely would have rejected our paper after receiving referee reports, since one recommended rejection (unless very extensive revisions were made), while the second supported publication with moderately extensive revision. Most editors hesitate to side with one referee over another. Rothbard liked the paper, and told us unofficially that he was going to publish it, however giving us the option to take account of the referee concerns and revise as we wished. The paper was officially accepted in 1985 (Gallaway and Vedder 1987), appearing in the first issue of the *Review of Austrian Economics* more than six years after original submission to the JEH.<sup>2</sup>

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<sup>2</sup>Professor Rothbard's strong hand in running the journal led Donald McCloskey (1988) to suggest that Rothbard was "joining in sociopathy that other Lenin of the profession, George Stigler," the longtime editor of the *Journal of Political Economy*. Whether or not he was a Leninist sociopath, we suspect that without Rothbard's encouragement and insistence that our paper be published, it would not have appeared, or only in diluted form.

Both preceding and simultaneous with our submission to Professor Rothbard, we tried to also penetrate the mainstream journals, including the *American Economic Review*, with variants on the same theme, with very little success. Donald McCloskey, then an editor of the *Journal of Economic History*, liked a paper that we gave at the Cliometric Society meetings, which later became chapter six of *Out of Work*. He encouraged us strongly to submit it to his journal. Another distinguished economic historian, Barry Eichengren (1984), then at Harvard, also indicated to us that he liked that paper. A year or so later, Claudia Goldin (the then co-editor handling American-related manuscripts for the *JEH*) followed referee reports and rejected the piece. We made one final try with the *JEH* in 1991, a decade after our first attempt, seeking to publish our findings on black-white unemployment differentials, later incorporated into chapter 13 of *Out of Work*. Here the editors liked the data that we discovered (that showed black and white unemployment rates started to diverge sharply only after 1930), but deplored the classical liberal-Austrian interpretation we placed on the results, which of course was a majority of the paper. Weary, we capitulated to the editor and referees, managing to get one footnote in that hinted at our interpretation (Vedder and Gallaway 1992). In part, we opted for publication there in order to add a veneer of respectability to our forthcoming book.

The book (Vedder and Gallaway 1993) owed a great deal to three persons, Rothbard, David Theroux, and Roger Garrison. Theroux had heard about the book manuscript while at the Pacific Institute, where we had originally planned to publish it, but where for reasons not made clear to us publication never panned out. Theroux signed us up to publish the book from his new think tank, the Independent Institute, from which he effectively promoted the final product with religious fervor. At his urging, we wrote pieces drawing on the book for such journals of opinion as *Society*, *Chronicles*, *National Review*, *Policy Review*, and *Critical Review*. The manuscript was reviewed by Garrison, who gave us the most intelligent extended comments on our ideas to date, and we increased its Austrian content at his urging. At the same time, Theroux successfully reached out to libertarians and conservatives of every stripe for endorsements, ranging from Milton Friedman to Vaclav Klaus (then Prime Minister of the Czech Republic), not to mention such non-conservatives as Kenneth Boulding and Robert Reich(!) This helped acceptance of the volume, which appeared in 1993, twelve years after we had written the first paper. By the mid-1990s, Theroux had talked the New York University Press into doing a second edition of the book (Vedder and Gallaway 1997), in which we engaged in dozens of pages of econometric pyrotechnics designed to show mainstream economists that we had considered all of their dubious objections to the manuscript. In short, in spite of using some mainstream methodology (e.g., regression analysis), the corpus of research that comprised this book was ultimately and largely rejected by the mainstream journals, but the new "Austrian infrastructure," broadly defined to include a libertarian think tank and even a governmental agency with an unusual free-market orientation,

came to our rescue in a fashion that allowed for a moderately broad dissemination of our ideas.

### **THE ROLE OF THE AUSTRIAN “INFRASTRUCTURE”**

Our story can probably be told countless times. Given the existence of “demand” curves for Austrian economics by journal editors that more often resemble B than A in Figure 2, it makes sense for the Austrians to have started their own publication outlets, including the Quarterly Journal of Austrian Economics, the Review of Austrian Economics, not to mention newsletters, Website chat rooms, edited volumes, etc. In the context of Figure 2, these outlets have curves that are positively sloped, that is, where the more Austrian the article is, the greater the probability of acceptance.

Thus a short-run goal of the Austrian infrastructure that supports these scholarly endeavors is to increase the quantity of disseminated research utilizing Austrian perspectives. A second goal, however, is a long-run objective of altering the “demand” curve for Austrian scholarship in mainline journals so that it resembles C (no bias for or against publication based on the Austrian content), or even becomes positively sloped (discrimination in favor of Austrian ideas). Alternatively or additionally, the goal is to make the Austrian alternative journals into mainline publications. These goals are furthered by the teaching (as opposed to research) function of the Austrian infrastructure. For example, the Ludwig von Mises Institute’s “Mises University” and “Rothbard Graduate Seminar” provide a favorable presentation of Austrian perspectives to large numbers of students and young faculty members. Presumably some of these individuals will, in time, write articles for both mainstream and Austrian outlets, and even become editors and referees for mainstream publications. With the passage of time, the sheer volume of research with some Austrian orientation should lead to some reductions to the barrier to entry into the broader world of economic ideas.

### **CONCLUSIONS: THE DUAL ACADEMY**

Persons with an Austrian perspective must evaluate the probability that an Austrian message will reduce their publication chances in mainstream journals. Since historically the discrimination against Austrian scholarship has been high, a new Austrian academic infrastructure has emerged. We have a Dual Academy: mainline journals and universities, and an alternative Austrian–classical liberal research and teaching infrastructure. Institutions evolve to meet needs prompted by human action.

Very often today, the costs of publication to the author are increased by the convention of making editorial decisions by groups of persons. One has to satisfy not one editor, but a group of scholars. Presumably this is done to assure quality control, and to balance the supply and demand for papers using non-price methods. While this raises the cost of publication in general, it particularly hurts those whose ideas deviate from the ideological mainstream, including Austrian economists. This, has led to the Dual Academy. As the Internet and other forms of

electronic communication grow, it may well be that the conventional modes of communication (academic journals and university classrooms) may lose some of their importance. While much Internet academic discourse is qualitatively lacking, at least it is not censored. The Austrian infrastructure and technological change, then, have reduced the ability of mainstream economists to submerge views that vary dramatically from their own perspective on the world. This bodes well for the continued growth in the early twenty-first century in the Austrian "market share" in the world of ideas.

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