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BOOK REVIEWS

RAIMONDO CUBEDDU, *The Philosophy of the Austrian School*, Routledge: London and New York, 1993, pp. 269.

This is a quirky book. Cubeddu is not unlike a newspaper reporter who reports all the "facts" of a case accurately, but misses the "truth" of the story. Each constituent part stands as a more or less accurate portrayal of the doctrines under consideration, but when formed as whole argument the presentation seems to missing something vital. The whole, in other words, is less than the sum of the parts. With that inauspicious opening, let me state clearly that this weakness in Cubeddu's book is most acutely felt in the first two chapters dealing with philosophical-methodological issues. In the remaining three chapters of the book, which deal mainly with political philosophy, the general impression on the reader is not as disturbing. Thus, there are some important things to learn from this book despite my reservations.

The Philosophy of the Austrian School is divided into five chapters: Methodological Problems, The Theory of Human Action, From Socialism to Totalitarianism, The Fate of Democracy, and The Liberalism of the Austrian School. Cubeddu's intended audience is political theorists and others within the social sciences. His perspective is one of a political philosopher – an odd mix of Karl Popper and Leo Strauss, on the one hand, and Carl Menger, Ludwig von Mises and F. A. Hayek, on the other – who hopes to demonstrate to his peers that Austrian economics provides the foundation for a "pure economic theory of politics". It is Cubeddu's conviction that "political philosophy can derive nothing but benefit from an economic assessment of its theoretical and practical problems ... if political philosophy lacked a solid economic component, it would be tantamount to a mere intellectualistic reflection on the best political regime. That is, it would end up being simply a speculative, ethical, metaphysical interpretation, under another guise, of the origin of civil society and its nature, or else it would turn into violent construction of a regime producing subjects rather than citizens. In other words, political philosophy can overcome the vanity of the theoretical constructions that have so often been its hallmark only by positively reappraising the political-economic aspects of its objects" (p. xii).

Cubeddu, in possession of such bold ambitions, sets out to demonstrate his case for a pure economic theory of politics grounded in Au-

strian subjectivism. This is an admirable task and his statement of Hayek's fundamental political economy problem is one of the best ways I've seen it put: "Hayek's problem can be analysed as that of avoiding transformation of subjectivism into relativism that would inhibit formation of an order" (p. 160). Unfortunately, he seems unaware that this is not unchartered territory. Both James Buchanan and Gordon Tullock have acknowledged Mises's influence on their research programme of developing an economic theory of politics that became the public choice revolution in social science. But neither is cited in Cubeddu's book. This weakness is particularly apparent in the chapter on the operation of democracy, because those aspects of Hayek's critique which anticipate developments in public choice – such as the limits on agreement or the breakdown of the liberal constraint on monopolistic special pleading (i.e., rent-seeking) – are overlooked. Yet, an economic theory of politics certainly would have to address these issues if the operation of democratic politics is to be assessed. Platitudes about the rule of law are important, but the *economic* argument for a rule of law emerges in response to an examination of the above mentioned problems highlighted in public choice theory.

There are some other major textual errors in the book. For example, Cubeddu confuses Menger's distinction between higher order and lower order goods with a moral statement rather than the purely economic statement in which it was made (p. 9). Higher order goods are simply those goods that are more remote from final consumption – nothing is implied concerning the moral worth of the good in question. There is no conflict between Menger and Mises on this point, contrary to Cubeddu's interpretation. Mises does chide Menger for his latent objectivism, but that deals with an entirely different issue in value theory than the distinction between higher and lower order goods. In fact, one of the biggest sources of confusion in Cubeddu's presentation is his insistence in the discontinuity between Menger and Mises, asserting at one point that it can be "deemed pointless to look to Menger in search for the foundations of Mises's praxeology ..." (p. 10; also see p. 19, p. 69, and p. 117). This is contrary to most of what we know either of: (1) Mises's assessment of the evolution of his own system of ideas; (2) the Viennese intellectual culture, let alone the broader German language culture, within which both Menger and Mises wrote (as has been pointed out by the philosopher Barry Smith); and (3) the spirit of Menger's scientific vision as it was subsequently developed by Mises (as Kirzner has continually stressed). Certainly there are differences between Menger, Hayek, and Mises, and these are important to highlight. But, *The Philosophy of the Austrian School* does not add to our understanding of the subtle differences between these thinkers. Cubeddu's interpretation of the methodological divide between Menger, Mises, and Hayek cannot be sustained and his invocation of his argument for the division throughout the text seriously undermines the important points he does have to make.

Particularly strong contributions of the book include: Cubeddu's discussion of Mises's social philosophic views with regard to socialism, and in particular Mises's discussion of Christianity (see pp. 119-122); the analysis of the fate of modern democracy, where the concept of popular sovereignty has been transformed into a concept "akin to the secularization of divine omnipotence" (p. 159) and Hayek's critique of democracy and the relation of the doctrine to liberalism; and the emphasis that the Austrian school in the hands of Mises and Hayek was developing a political economy which sought "an order which is not oppression with freedom which is not licence" (p. 204). Moreover, as Cubeddu rightly emphasizes:

> "[T]he collapse of socialistic systems cannot be unjustly and pathetically attributed to the erroneous ways of many 'wicked men'. Nor, for that matter, can it be ascribed to the inexperience of a human race incapable (or unworthy?) of adopting and embracing such a 'noble' ideal. The political philosophy of Mises and Hayek therefore cannot be liquidated together with socialism by claiming that now the problems are different, and that their political philosophy was, for better or for worse, inextricably bound up with the critique of socialism. The truth of the matter is that the theoretical problems which prompted their reflections are still with us, and one cannot labour under the delusion that the collapse of the myth of socialism had wiped the slate clean" (p. 123).

Thus, the social-theoretic problems that occupied Mises and Hayek are still with us, and the answers they provided concerning the nature of market processes and the problems of socialism and interventionism must be incorporated into our own critical analysis of the political and economic world – especially in comparative historical terms. In this sense, the Austrian School does provide the foundation for a viable economic theory of politics that can serve as the basis for a new critical theory. In stressing this point, Cubeddu's book, despite its quirkiness, makes an important contribution to the continuing recognition of the insights of Menger, Mises and Hayek for social theory.

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