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**Classics in Austrian Economics,  
3 volumes**

Edited by Israel M. Kirzner

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When Carl Menger published his seminal book on economic theory in 1871 he established a tradition of economic scholarship that is still attempting to come to terms with his revolutionary insights into human action and the exchange process. As Mises reports in *Notes and Recollections*, it was upon reading Menger's *Principles* that he became an economist. From 1871 to the 1930s, this was figuratively true of all those within the Austrian School of Economics, including such well-known economists as Eugen von Böhm-Bawerk, Friedrich von Wieser, Franz Čuhel, Richard von Strigl, Hans Mayer, Paul Rosenstein-Rodan, Gottfried Haberler, Leo Schönfeld, Fritz Machlup, Oskar Morgenstern, and, of course, F. A. Hayek. The 1930s, however, saw the destruction of the intellectual base for the Austrian School of economics, Vienna, as most of the remaining scholars within the tradition fled Austria to escape Hitler. Haberler, Machlup, and Morgenstern launched successful academic careers in the United

States at Harvard (Haberler) and Princeton (Machlup and Morgenstern). However, their Austrian roots—while forever present—were not emphasized in their economic scholarship during their professional period in the United States. Mises and Hayek, of course, continued to refine the Austrian tradition with their brilliant work on the trade cycle and on the problems of socialist economic and political organization, as well as their work on the philosophical foundations of economic science. But, by the late 1930s, early 1940s, the Austrian School of Economics was thought to be either fully incorporated into the mainstream or soundly defeated in scholarly debate. This assessment has been subsequently proven wrong on both counts.

One of the difficulties with the Austrian tradition was plainly and simple *translation* difficulties. For example, Austrian capital theory formed the core of both the trade cycle theory and the critique of socialist calculation, yet economists trained in the English-language tradition did not see the point of the Austrian notion of a time structure of production, and therefore, were not particularly impressed with the Mises-Hayek demonstrations of either the problems with malinvestment caused by monetary manipulation or the inability of socialist planners to rationally calculate the alternative use of scarce capital goods amongst various investment projects. Certainly during the period between 1940 and 1970 there were some prominent theorists who argued against inflationary monetary policy and the advance toward socialism, *but they did not base their argument on the reasons associated with Austrian economics.*

In the 1970s that was to change. First, in 1974 Hayek won the Nobel Memorial Prize in Economic Science, which brought with it renewed attention to the economic theory, as opposed to political theory, work he had done in the 1930s and 1940s. Second, beginning in 1973, Israel Kirzner had started a resurgence of interest in the Austrian theory of the market process with his seminal *Competition and Entrepreneurship*. Kirzner also worked to establish an Austrian Eco-