BOOK REVIEW:

“F. A. HAYEK: ECONOMICS, POLITICAL ECONOMY AND SOCIAL PHILOSOPHY”

BY PETER J. BOETTKE

REVIEWED BY

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Austrian economics is a unique object of inquiry due to the combination of three characteristics. First, this tradition initiated 150 years ago contains numerous historiographical challenges since its cultural and lingual centers of gravity shifted significantly over time (e.g., Caldwell 2004; Dekker 2016). Second, the individual thinkers and generations did not limit themselves to praising the wisdom of their predecessors, but regularly challenged earlier sets of theories and methods, thus contributing to a research program that is vibrant until today (e.g., Boettke and Coyne 2015; Koppl 2018; McCloskey 2019; Rizzo and Whitman 2019). Third, the relevance imputed to some Austrian economists in shaping the economic policy of different countries has unfolded heated controversies about the ideological load that some see as being embedded in this scholarly tradition (e.g., Slobodian 2018; Wasserman 2019).

Himself a crucial representative of Austrian economics in recent decades, Peter Boettke has written a book on F. A. Hayek which relates above all to the second of the characteristics above and outlines Hayek's specific institutional economics with its theoretical and methodological subtleties. Notwithstanding this focus, the book is also of considerable value to those who, like the readers of this journal, may be most interested in the historiography of the Austrian School. In addition, Boettke also addresses the charges about explicit or implicit ideological projects of Hayek and other Austrians. Regarding historiography and ideology, Boettke underscores early on that the book is not meant to be an intellectual biography or a political statement. But to those who know Boettke's scholarship and his passion for the history of economics as well as for a clear demarcation line between scholarship and politics, it will hardly come as a surprise that the book contains a subtly historicized account of Hayek's relevance both for the academia of social sciences and for the agora of society.

The core of this historicized account is Boettke's attempt to debunk ten common misconceptions in the literature on Hayek's institutional economics as produced by historians, philosophers, and various social scientists: 1) Hayek's methodological individualism was based upon atomistic actors who were perfectly rational; 2) Hayek saw the price system as perfectly efficient; 3) Hayek was categorically opposed to government action; 4) Hayek presented a slippery slope argument toward totalitarianism in *The Road to Serfdom*; 5) Hayek saw something being the product of spontaneous order as a normative approval of that order; 6) Hayek's resistance to formal modeling and statistical testing was based on old-fashioned methodological ideas that led to dogmatic stances rather than scientific progress; 7) Hayek's evolutionary arguments developed late in his career about group selection constituted an abandonment of his earlier methodological individualism; 8) Hayek's ideas on monetary theory and the price system never evolved throughout his career; 9) Hayek's ideas were roundly defeated by Keynes with respect to macroeconomics, and by Lange-Lerner with respect to the market socialism; 10) Hayek effectively abandoned economics after the publication of *The Pure Theory of Capital* and retreated to political theory, legal theory, and public intellectual work. The critical discussion of these misconceptions is a major strength of Boettke's account, as they indeed characterize large parts of the secondary literature – both when produced by scholars sympathetic to the legacy of the Austrian School and by those who see Austrian economics as a theoretically atavistic and/or ideologically dangerous endeavor.

To better grasp Boettke's Hayek, two historiographical comments on Hayek's embeddedness in scholarly communities are in place: Hayek's nexus to his fellow Austrians and Hayek's ties to other circles. On the first, Boettke lists a number of Austrian predecessors of Hayek, but he clearly focuses his narrative on the nexus to Ludwig von Mises and the complementarity between Hayek and Mises which Boettke has emphasized for many years. At certain moments the reader may feel this nexus is portrayed as: 1) too central, given the formative influences of other, rather different Austrians like Friedrich von Wieser, and 2) too harmonious, given the substantial tensions between Hayek in Mises

in all three domains of Boettke's book, that is in economics, political economy, and social philosophy. On the second, the current reviewer reads Boettke to present Hayek as a contributor to the "thinking in orders" tradition, which in the twentieth century was perhaps most clearly expressed in the works of Max Weber, the Freiburg School of Walter Eucken and Franz Böhm, and the "Old Chicago" School of Frank Knight and Henry Simons. To understand the special twist which Hayek added to this tradition – the focus on knowledge and the epistemic properties both of the market process and of the institutional frameworks around various societal orders – Boettke's account would have profited from embedding Hayek in these transatlantic conversations about order-based institutional economics of the 1930s and 1940s, to which the LSE as emphasized by Boettke was only one island in a larger archipelago.

Another asset of the book is Boettke's warning call to those who plan to extend Hayek's research agenda as scholars (Boettke 2012) or to popularize Hayek's legacy as "second-hand dealers in ideas" (Hayek 1949). Both groups, different as they may be at times, should always be wary of the dangers in any "ian" group of followers – Smithian, Marxian, Keynesian, or Hayekian – to fall prey to sectarianism and to seek a hermetic system in the books of the Master. If historians of economics today and tomorrow join the current reviewer, they can read Boettke's book as a successful attempt to take history seriously for two reasons: enabling a critical understanding of earlier generations and inspiring original scholarship in the next generations. This eagerness to systematically combine respect for scholarship of the past with courage for scholarship of the future may be the mainline in Boettke's own scholarly legacy.

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