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A Research and Study Guide

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Introduction

This is the second in an occasional series on the Austrian school of economics. The first installment, which discussed the school's key figures from 1870 to date, appeared in *The Humane Studies Review*, volume 2, number 1.

Austrian Economics—An Annotated Bibliography

by Richard M. Ebeling

Methodology of the Austrian School

One of the distinctive features of the Austrian school of economics is its emphasis on the methodological foundations of the social sciences in general. Equally distinctive is the particular approach most members of the school have taken in their investigations. The two pillars of their approach have been methodological individualism and methodological subjectivism. Methodological individualism emphasizes that the essential building-blocks of economic and social analysis are the activities of the respective social and market participants, whose interactions generate the aggregate market and social outcomes. Methodological subjectivism draws attention to the fact that meaning and significance can be attached to those activities only in terms of an understanding and interpretation of the knowledge, intentions, and expectations of the actors themselves.

An implication of subjectivism is what Carl Menger and F. A. Hayek in particular saw as the pervasive presence of the *unintended consequences of human action*. The undertaking of many individual plans in a complex social order, in which each actor's knowledge and horizon is limited, sets the stage for inevitable consequences that may be the result of human action but not of human design. One of the tasks of social and economic method and theory is to explain the emergence, formation, and evolution of the spontaneously generated social and market institutions that often coordinate economic and social activities independent of any single human plan.

The Austrian economists have also had significant diversity within their common viewpoint. This diversity concerns the source of knowledge in economic science. Ludwig von Mises considered economics to have its origin in a set of "a priori" axioms derived from logical reflection on the "essence of action." For Hayek the field of knowledge requires "empirical elements" concerning the processes of human learning once we turn to problems of interpersonal activity. Fritz Machlup has argued for viewing economics as built on postulates selected as useful for the questions requiring solution through the construction of various "ideal types." Israel M. Kirzner has seen it as sufficient to emphasize the purposefulness of all human endeavor without having to delve further into any epistemological foundations. Murray N. Rothbard, on the other hand, has attempted to give Austrian economics an Aristotelian grounding. And most recently Mario Rizzo and Gerald P. O'Driscoll have attempted to use Henri Bergson's phenomenology of time and being as a basis for Austrian subjectivism.

But within this diversity has run and continues to run a common thread of emphasis on man as an intentional, creative being, an actor rather than a mere passive responder to given constraints and circumstances. The Austrian tradition has, therefore, always extended subjectivism beyond tastes and preferences to perspective, perception, and purposes, which are the ultimate engines of all social activity and processes.

Carl Menger

Practically every Austrian development in the past hundred years has its beginning in the writings of Carl Menger, methodology is no exception. In the introduction to his *Principles of Economics* [1871] (New York: New York University Press, 1981) we find a fervent argument for methodological individualism as a basis for economic theory and a strong attack against reducing social analysis to the methods of the natural sciences. And though never articulated explicitly, the exposition of the theory of value and price formation is grounded in a view of man as an active agent who plans, directs, and effects change on a basis of imperfect perceptions in an uncertain world.

In his *Problems of Economics and Sociology* [1883] (Urbana: University of Illinois Press, 1963) the question of the methods and aims of economics is taken up directly, Menger had two goals: to defend the applicability and universality of theory in all economic

analysis against the relativist, antitheoretical claims of some German Historicists and to demonstrate how economic and social theory could explain the emergence of "institutions which serve the common welfare [that] came into being without a common will directed toward establishing them" (p. 146).

Wieser, besides defending the "deductive method," also strongly argued in defense of the "introspective" source of economic knowledge.

Menger's book was quickly criticized by one of the leaders of the German Historical School, Gustav von Schmoller, who vehemently defended the "Historical" method as the method for economic analysis. See Gustav von Schmoller, "Political Economy and Its Method," [1894] in *Introduction to Contemporary Civilization in the West*, prepared by the Contemporary Civilization Staff of Columbia College, Columbia University, vol. II (New York: Columbia University Press, 1946), pp. 514-524. Menger replied forcefully in a pamphlet on "The Errors of Historicism in German Economics." This set the stage for the long and bitter *Methodenstreit* of the last decades of the 19th Century. Menger's views on the categories and organization of economic science can be found in his essay "Toward a Systematic Classification of the Economic Sciences" [1889] in *Essays in European Economic Thought*, ed. by Louise Sommer (Princeton: D. Van Nostrand, Co., Inc., 1960), pp. 1-38.

The debate between Menger and Schmoller has been summarized in some detail, with extensive quotation, by Albion Small in "Later Phases of the Conflict Between the Historical and Austrian Schools," *Origins of Sociology* [1924] (New York: Russell & Russell, 1967), pp. 204-233. A good discussion can also be found in Samuel Bostaph, "The Methodological Debate Between Carl Menger and the German Historicists," *Atlantic Economic Journal* (Sep. 1978), pp. 3-16, which emphasizes the philosophical roots of the two schools.

Böhm-Bawerk and Wieser

Menger found loyal defenders among his followers. Eugen von Böhm-Bawerk insisted on the primacy of theory in tracing out economic causations and the categorizing of the facts of economic phenomena. See Böhm-Bawerk, "The Historical vs. the Deductive Method in Political Economy," in *Annals of the American Academy of Political and Social Science*, vol. I (1891), pp. 244-271.

Friedrich von Wieser, besides defending the "deductive method," also strongly argued in defense of the "introspective" source of economic knowledge, believing that it gave economics a stronger foundation than those found in the natural sciences. See Friedrich von Wieser, *Social Economics* [1914] (New York: Augustus M. Kelley, 1967), pp. 4 & 8-9.

Ludwig von Mises

But it is in the writings of Ludwig von Mises that we find the most methodical exposition and defense of Austrian subjectivism after Menger's death in 1921. The thrust of Mises's writings on methodology can be seen as an attempt to establish an autonomous plane for economics that escapes the hazards of both Historicism and Positivism. His early essay on "Sociology and History" [1929] in *Epistemological Problems of Economics* [1933] (New York: New York University Press, 1981), pp. 68-129, is a criticism of Max Weber, in which Mises wishes to glean the insights that a subjectivist "action" framework offers without the excess weight of historical relativism. His 1930 essay on "Conception and Understanding," *ibid.*, pp. 130-145, tries to distinguish between conceptualization of the universal logic and categories of choice, distinct from time and place, and the understanding or interpretation of concrete manifestations of historical human actions. His essay "On the Development of the Subjective Theory of Value," [1931] *ibid.*, pp. 146-166, attempts to demonstrate the "subjective" quality underlying the concepts and categories of all economic phenomena. And his essay "The Task and Scope of the Science of Human Action" [1933] *ibid.*, pp. 1-67, tries to unify economic theory more rigorously on the basis of a concept of human action that incorporates all conscious, purposeful human behavior.

Mises's monumental work *Human Action: A Treatise on Economics* [1949] (Chicago: Henry Regnery, 3rd revised ed., 1966), pp. 1-142, however, most systematically defends what he calls "praxeology," the general science of human action. Besides restating his criticisms of Historicism, he defends economics against Positivism, arguing that the laws of economics are logical relationships, not empirical ones. The indeterminateness of human choice, depending as it does on volition, precludes the discovery of quantitative regularities along the lines of the natural sciences. Economics must instead construct its theorems from the inside out, through reflection on the formal logic of action and choice under alternative assumptions, which then serve as the schemas for intelligible organization and explanation of the historical sequences of human conduct.

Mises's later work *Theory and History: An Interpretation of Social and Economic Evaluation* [1957] (New Rochelle: Arlington House, 1969) applies and extends his methodological outlook through critiques of determinism, materialism, scienticism, and historicism. It delineates more clearly the relationship between theory and historical analysis in his framework. *The Ultimate Foundation of Economic Science: An Essay on Method*

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[1962] (Kansas City: Sheed, Andrews and McMeel, Inc., 1978) restates the "a priori" basis of praxeological reasoning, discusses the problem of human volition for social science and the nature of uncertainty in the real world, and criticizes several Positivist applications in economics.

F. A. Hayek

Hayek's earliest writings on methods of economics can be found in the opening chapter of his *Monetary Theory and the Trade Cycle* [1929] (New York: Augustus M. Kelley, 1966), pp. 27-48, in which he discusses the relationship between economic theory and the use and application of statistical methods. In the essay opening the collection he edited under the title *Collectivist Economic Planning* (London: George Routledge & Sons, Ltd., 1935), pp. 8-12, Hayek followed Wieser and Mises in distinguishing between the natural and social sciences on the basis of their sources of knowledge. He developed this theme in greater detail in *The Counter-Revolution of Science* [1952] (Indianapolis: Liberty Press, 1979). He emphasized that social theory relies primarily on the "composite method" by which it explains the emergence of complex, composite phenomena from their elementary components: the activities of individual agents.

This has been the general theme for almost all of Hayek's writings on both methodology and social theory. The "composite method" has led him to emphasize that many social phenomena are "the results of human action but not of human design." See *Studies in Philosophy, Politics and Economics* (Chicago: The University of Chicago Press, 1967), pp. 96-105. The unintentional, complex quality of such phenomena also led Hayek to point out that the social scientist must be more modest in making his predictions. The most he can hope for is qualitative predictions of patterns and institutional forms, rather than precise quantitative determination of market outcomes. See his essays "Degrees of Explanation," "The Theory of Complex Phenomena," and "Rules, Perception and Intelligibility," in *ibid.*, pp. 3-65. This analysis has also been his basis for continued criticism of what he calls social "constructivists." See his essays "The Errors of Constructivism," "The Pretence of Knowledge," and "The Primacy of the Abstract" in *New Studies in Philosophy, Politics, Economics and the History of Ideas* (Chicago: The University of Chicago Press, 1978), pp. 3-49.

Oskar Morgenstern

In his 1928 volume, *Wirtschaftsprognose: eine Untersuchung ihrer Voraussetzungen und Möglichkeiten* (Wien: Julius Springer Verlag, 1928) Oskar Morgenstern expressed skepticism about quantitative prediction in economics on three grounds:

- the heterogeneity of the data and the smallness of "samples" make the application of probability theory extremely difficult, if not impossible, with, at the most, probability theory only enabling a prediction of "class" outcomes not the individual events;
- economic statistics hide both the behavioral

qualities that underlie and generate the quantitative data and the interdependency of economic phenomena with social, cultural, and political events, and

- the possible influence of public forecasts on the decisions of the agents whose actions are being forecast leads to an infinite regress.

In his later work *On the Accuracy of Economic Observations* (Princeton: Princeton University Press, 1963) Morgenstern reinforced his argument with an analysis of the ambiguities, crudeness, and frequent lack of compatibility of much "economic data" relative to the logical categories of economic theory.

An excellent "Austrian"-style analysis of the limits of quantitative economics can also be found in Leland B. Yeager, "Measurement as Scientific Method in Economics," *American Journal of Economics and Sociology* (July 1957), pp. 337-346.

Fritz Machlup and Alfred Schutz

After Mises, Fritz Machlup is probably the Austrian who devoted the most care and time to methodological questions. In a series of essays concerned with the status and nature of the social sciences, Machlup, while not denying similarities in all scientific endeavors, drew special attention to the intentionalist quality of social phenomena in which the actor's subjective meanings were crucial elements to successful social analysis. See "On Comparisons Between Natural and Social Sciences," part five, in his collection *Methodology of Economics and Other Social Sciences* (New York: Academic Press, 1978), pp. 305-367.

The tool that Machlup considered particularly useful for such analysis was that of the "ideal type," a mental construct of human conduct under the constraints of certain specified circumstances, motivations, and states of knowledge, selected as appropriate for deriving implications of human action in alternative institutional and economic environments. See the essays in "On Ideal Types and the Interpretation of Reality" in *ibid.*, part 4, pp. 207-301. In his selection of methods Machlup was greatly influenced by his close friend Alfred Schutz who had tried to synthesize Husserl's phenomenology with Max Weber's "ideal type" construction and Austrian subjectivist economics. See Alfred Schutz, *The Phenomenology of the Social World* [1932] (Evanston: Northwestern University Press, 1967) and his *Collected Papers*, vol. I, "The Problem of Social Reality" (The Hague: Martinus Nijhoff, 1962), pp. 3-96.

Ludwig M. Lachmann

Ludwig M. Lachmann has, following the lead of Max Weber, also emphasized the significance of "understanding" (*Verstehen*) and "interpretation" of the subjectively meaningful act for social science. His slender volume *The Legacy of Max Weber* tries to reformulate the Weberian contribution along more Austrian lines in terms of the "planful" or "purposeful" act. He also attempts to blend Weber's and Menger's analyses of the function and evolution of social institutions as "nodal points" for interpersonal coordination. Lachmann has particularly emphasized the subjectivist quality of knowledge and expectations and their implications for

economic theory and methods. See the essays in part II of his collection *Capital, Expectations and the Market Process*, ed. by Walter E. Grinder (Kansas City: Sheed, Andrews and McMeel, 1977) pp. 45-129, and "From Mises to Shackle: An Essay on Austrian Economics and the Kaleidic Society," *Journal of Economic Literature* (March 1976), pp. 54-62.

Kirzner contrasts the narrowness of Robbins's economizing point of view with the Misesian conception of human action and clarifies several of the ambiguities sometimes seen in Mises's own writings.

Israel M. Kirzner and Murray N. Rothbard

The Misesian formulation of Austrian methodology has been rigorously defended and expounded by two of Mises's students, Israel M. Kirzner and Murray N. Rothbard. In *The Economic Point of View*, originally a dissertation written under Mises, Kirzner elaborates on the changing meanings of the subject matter of economics. In the last two chapters Kirzner discusses the emergence of economics as a science of economizing behavior, as influenced by Lionel Robbins's *Essay on the Nature and Significance of Economic Science* (itself influenced by the Austrian writings of the 1920s). Kirzner, however, contrasts the narrowness of the economizing point of view with the Misesian conception of human action and clarifies several of the ambiguities sometimes seen in Mises's own writings. He defends the praxeological perspective in "Rational Action and Economic Theory," *Journal of Political Economy* (Aug. 1962), pp. 380-385, and "What Economists Do," *Southern Economic Journal* (Jan. 1965), pp. 257-261. And in his "On the Method of Austrian Economics" in *The Foundations of Modern Austrian Economics*, ed. by Edwin G. Dolan (Kansas City: Sheed & Ward, Inc., 1976), pp. 40-51, he analyzes the implications of Austrian methodology with particular emphasis on human purposefulness and the indeterminacy in human decision-making.

In 1951 Rothbard defended the praxeological perspective against the criticisms of G. J. Schuller. See "Mises' 'Human Action' Comment," *American Economic Review* (March 1951), pp. 181-185, and "Praxeology: Reply to Mr. Schuller," *American Economic Review*, (Dec. 1951), pp. 943-946. He restated the premises of the Misesian system in "In Defense of 'Extreme A Priorism,'" *Southern Economic Journal* (Jan. 1957), pp. 314-320. Rothbard's essays "The Mantle of Science" and "Praxeology as the Method of the Social Sciences," in *Individualism and the Philosophy of the Social Sciences* (San Francisco: Cato Institute, 1979) summarize several Austrian arguments against "empirical" social sciences and explain the logic of praxeology. His contribution to the *Foundations of Modern Austrian Economics*, *ibid.*, pp. 19-39, titled "Praxeology: The Methodology of Austrian Economics," briefly discusses the intellectual tradition of praxeology and contrasts the Neo-Kantian and Aristotelian approaches for grounding its axioms.

The praxeological perspective has also recently received a particularly fair exposition and critique by a

non-Austrian, Bruce J. Caldwell, in "Praxeology and Its Critics: An Appraisal," *History of Political Economy* (Fall 1984), pp. 363-379.

New Directions in Austrian Methodology

Recently members of the "younger generation" of Austrians have attempted to extend the bounds of sub-

jectivist methodology. In *The Economics of Time and Ignorance* Gerald P. O'Driscoll and Mario J. Rizzo contrast static (or given-preference) subjectivism with dynamic (or changing knowledge and expectations) subjectivism. The latter draws its premise from the phenomenological writings of the French philosopher Henri Bergson. Their proposed tool of analysis for the study of acting man in an uncertain world is that of Schutopian ideal types.

A dynamic subjectivism that sees the inherent limits and tentativeness of knowledge and the problems this raises for understanding the process of social coordination seems to open new vistas for developments in Austrian methodology.

Introductory Readings

Lawrence H. White, *Methodology of the Austrian School* (Auburn: The Mises Institute, 1984).

Murray N. Rothbard, *Individualism and the Philosophy of the Social Sciences* (Washington, D.C.: The Cato Institute, 1979).

F. A. Hayek, "The Facts of the Social Sciences," in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948) pp. 57-76.

Ludwig von Mises, "Natural Science and Social Science," in *Journal of Social Philosophy & Jurisprudence* (April 1942) pp. 240-253.

Israel M. Kirzner, *The Economic Point of View* (Kansas City: Sheed & Ward, Inc., 1976) pp. 146-185.

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Crosscurrents

The Literature of Politics

Readers of novels will know the power of literature to express political ideas. For those interested in exploring this realm a little further we suggest the following recent works: The East German novelist Stefan Heym explores the dilemma of a scholar living in biblical times who tries to write the history of a brutal monarch's reign under an authoritarian régime. *The King David Report* (London: Abacus, 1984) is rich in insights into the problem of intellectuals who strive to be honest in an oppressive régime and has many obvious parallels with the present.

The oppression that quickly followed the success of the Bolshevik revolution in 1917 is reflected in the writing of a few independent socialist writers before they were exiled or shot. Yevgeny Zamyatin should be of special interest to libertarians because of the possible influence of his dystopian novel *We* (Harmondsworth: Penguin, 1984) on Ayn Rand. His short stories are collected in *The Dragon and Other Stories*, trans. Mirra Ginsburg (New York: Random House, 1967).

The liberal spirit for justice pervades the writing of the English poet Lord Byron. Not only did he write glorious poetry but he also commented on the political and economic events of his time. See *Bryon: Selected Letters and Journals*, ed. Peter Gunn (Harmondsworth: Penguin, 1984) and the collection *Bryon's Political and Cultural Influence in Nineteenth-Century Europe: A Symposium*, ed. Paul Graham Trueblood (Atlantic Highlands, NJ: Humanities Press, 1981).

How do men and women cope with living in an age of mass destruction and murder? How does one retain one's sanity and a sense of moral purpose in a world where armies of the state and terrorist gangs take the lives of innocent people with cold-blooded ruthlessness? The collection of poems and extracts, *In a Dark Time*, ed. Nicholas Humphrey and Robert Jay Lifton (London and Boston: Faber and Faber, 1984), gives some insight into why humans murder on a grand scale and how the victims learn to cope with, and perhaps even tolerate, their situation.

European Classical Liberalism

A veritable renaissance is taking place in the study of European liberal thought. Historians of the French Revolution, following Francios Furet's lead in *Penser la Révolution française* (Paris: Gallimard, 1978) are quickly realizing that it is impossible to impose an arid Marxist interpretation on the revolution. They are thus turning to the liberal tradition, in particular Alexis de Tocqueville, for inspiration. For example, see Furet for the importance of Tocqueville's interpretation of the crisis of the old régime state and the origins of the revolution. A useful overview of Tocqueville's thought and a guide to the literature is provided by John Lukacs, "Alexis de Tocqueville: A Historical Appreciation," *Literature of Liberty*, Spring 1982, vol. 5, no. 1, pp. 8-42. Tocqueville's unique and radical liberalism is stressed, although not fully understood, by Roger Boeche, "Tocqueville and *Le Commerce*: A Newspaper Express-

ing His Unusual Liberalism," *Journal of the History of Ideas*, 1983, vol. 44, no. 2, pp. 277-92. Jean-Claude Lamberti, *Tocqueville et les deux démocraties* (Paris: Presses Universitaires de France, 1983), shows the relationship between his assessment of the radical democratic experiment in America and the limited and privileged democracy that existed in mid-nineteenth century France.

James Ceaser (University of Virginia) argues that Tocqueville's analysis of the central character of a society, political culture, includes not only the social conditions and legal framework, but also the ideas introduced by intellectuals. Customs create the ways of thinking that lead to political culture (*moeurs*). Tocqueville was not influenced by the continental version of Edmund Burke's thought. It would seem that there was a rationalist tradition which went from Bacon and Descartes through Hume, Smith, Montesquieu, and Tocqueville. Tocqueville sought to defend the rationalist approach of empirical method against the system building of Saint-Simon and Hegel. Tocqueville was even less sympathetic to the traditionalist position of a Joseph de Maistre. James Ceaser, "Alexis de Tocqueville on Political Science, Political Culture, and the Role of the Intellectual," *American Political Science Review*, vol. 79, no. 3 (Sep. 1985), pp. 656-72.

Tocqueville is not the only French liberal who is undergoing a reassessment. The liberal statesman and historian Francois Guizot is the subject of Pierre Rosanvallon's *Le Moment Guizot* (Paris: Gallimard, 1985). Likewise, Madame de Staël's interpretation of the revolution is made available to modern readers with the reprint of her *Considérations sur la Révolution française*, ed. Jacques Godechot (Paris: Tallandier, 1983). The lover and colleague of Staël, Benjamin Constant, is sympathetically discussed in Steven Holmes, *Benjamin Constant and the Making of Modern Liberalism* (New Haven and London: Yale University Press, 1984).

An important liberal of the transition period between the Enlightenment and the Restoration is Destutt de Tracy. Two recent essays dealing with his influence and his economic and psychological theories are Franco Venturi, "Destutt de Tracy and the Liberal Revolutions," in *Studies in Free Russia*, trans. F. S. Walsby, and M. O'Dell (Chicago: University of Chicago Press, 1982), pp. 59-93; and Daniel Klein, "Deductive Economic Methodology in the French Enlightenment: Condillac and Destutt de Tracy," *History of Political Economy*, 1985, vol. 17, no. 1, pp. 51-71.

It is only very infrequently that one comes across an historian of liberalism who seems to understand that there is not just one liberalism but many liberalisms. Some strands of liberalism are truly radical while others are timid and defend the status quo. Johann Baptist Müller, in *Liberalismus und Demokratie: Studien zum Verhältnis von Politik und Wirtschaft im Liberalismus* (Stuttgart: Klett-Cotta, 1978), uses the principle of democracy (popular versus elite democracy) and the market (free markets versus interventionism) to distinguish four main types of liberalism: interventionistic elite rule (typified by Alexander Hamilton), free market elite rule (Macaulay and the French Doctrinaires), free market democracy (Richard

Price, Thomas Jefferson, Cobden and Bright), and interventionistic democracy (liberalism in its modern form). Muller provides a framework that modern classical liberalism should find extremely useful.

Central America

An updated version of Walter LaFeber's *Inevitable Revolutions: The United States in Central America* (New York: W. W. Norton, 1984) is most welcome. LaFeber provides a summary of the unending interventions and repression that have plagued Central America throughout this century. He also shows how U.S. government foreign aid and support for oppressive régimes alienate the peasantry (who then seek support from more radical sources), weaken the middle classes as an effective counterweight to the military, and benefit certain groups within the United States.

German Individualism

The German contribution to individualist thought is less well-known than Anglo-American thinkers such as Auberon Herbert, Herbert Spencer, Lysander Spooner, and Benjamin Tucker. Friedrich Schelling is one such neglected German individualist who took natural rights to its ultimate, radical individualistic conclusions. His remarkable essay "Neue Deduktion des Naturrechts (1796-97)," can be found in his collected works *Werke 3*, ed. Hartmut Buchner, Wilhelm G. Jacobs und Annemarie Pieper (Stuttgart: Frommann-Holzboog, 1982), pp. 139-175, and in the more accessible Suhrkamp edition, *Ausgewählte Schriften in 6 Bänden* (Frankfurt: Suhrkamp, 1985). The radical individualistic and liberal aspects of Schelling's thought have been noticed by Alexander Hollerbach, *Der Rechtsgedanke bei Schelling: Quellenstudien zu seiner Rechts- und Staatsphilosophie* (Frankfurt am Main: Vittorio Klostermann, 1957) and Herman N. Zeltner, *Schelling* (Stuttgart: Frommann, 1954).

Political Philosophy

An IHS Fellow, Frank Van Dun (University of Ghent), has written on the fundamentals of law and individual rights in *Het fundamenteel Rechtsbeginsel: Een Essay over de Grondslagen van het Recht* (Antwerp: Kluwer Rechtswetenschappen, 1983).

The Marxist G. A. Cohen criticizes Robert Nozick for not assuming that all land was originally jointly owned rather than unowned. In spite of the usual Marxist absurdities Cohen's essay is interesting for two reasons. First, even after ten years the Left feels obliged to take Nozick's arguments seriously, even if they can't refute them satisfactorily. Secondly, Cohen does raise an important issue that has still not been adequately addressed by modern classical liberals, namely, the problem of determining historically the original ownership of land and the related problem of dealing with unjustly acquired property. See G. A. Cohen, "Nozick on Appropriation," *New Left Review*, 1985, no. 150, pp. 89-105.

Anyone who gives a prominent place to "civil society," as Hegel does, needs to be taken seriously by liberals. The following should be consulted: Manfred Riedel, *Between Tradition and Revolution: The Hegelian*

Transformation of Political Philosophy, trans. Walter Wright (Cambridge: Cambridge University Press, 1984); F. R. Cristi, "The Hegelsche Mitte and Hegel's Monarch," *Political Theory*, 1983, vol. 11, no. 4, pp. 601-622; and the collection *The State and Civil Society: Studies in Hegel's Political Philosophy*, ed. Z. A. Pelczynski (Cambridge: Cambridge University Press, 1984).

Opinions of Edmund Burke perhaps separate conservatives from classical liberals. Thomas Paine may have had the last word but, for those who have not made up their minds, the following are recommended: Isaac Kramnick, "The Left and Edmund Burke," *Political Theory*, 1983, vol. 11, no. 2, pp. 189-214; J. G. A. Pocock, "The Political Enemy of Burke's Analysis of the French Revolution," *Historical Journal*, 1982, vol. 25, no. 2, pp. 331-349; and Donald Winch, "The Burke-Smith Problem and Late Eighteenth-Century Political and Economic Thought," *Historical Journal*, 1985, vol. 28, no. 1, pp. 231-247.

A review article of recent material on Bentham and Philosophical Radicalism is David Lieberman, "Historiographical Review: From Bentham to Benthamism," *Historical Journal*, 1985, vol. 28, no. 1, pp. 199-224.

The theory of consitutional limits to excessive state power played an important part in the American and French Enlightenment struggle against absolutism and imperialism. The medieval origins of constitutional thought is the topic of Brian Tierney's brilliant short book *Religion, Law and the Growth of Constitutional Thought 1150-1650* (New York: Cambridge University Press, 1982).

Postwar American Foreign Policy

Marxist attempts to portray American policies to rebuild postwar Europe as "imperialist" are oversimplified. On the one hand, prosperous, industrial, and peaceful capitalist societies developed in Germany and Japan, which have risen to rival American economic power. On the other hand, elements within the American government and business circles attempted to mold the postwar settlement to suit themselves at the expense of taxpayers and free markets at home and in Europe. These tensions within American policy between the liberating force of the market and the privileges of vested interests are revealed in Michael J. Hogan, "American Marshall Planners and the Search for a European Neocapitalism," *American Historical Review*, 1985, vol. 90, no. 1, pp. 44-72; Robert Griffith, "Dwight D. Eisenhower and the Corporate Commonwealth," *American Historical Review*, 1982, vol. 87, no. 1, pp. 87-122; and David S. Painter, "Oil and the Marshall Plan," *Business History Review*, 1984, vol. 58, no. 3, pp. 359-383. More caution must be used with Kees van der Pijl's *The Making of an Atlantic Ruling Class* (London: Verso, 1984) because of its stronger Marxist bias. However, van der Pijl has raised important problems of power and vested interests, which classical liberals need to study more closely.

Radical Republicanism

Students of the American Revolution often forget that the ideological and political conflicts spawned by the revolution continued for decades afterwards. The

important political theory of John Taylor is discussed in Gillis J. Harp, "Taylor, Calhoun, and the Decline of a Theory of Political Disharmony," *Journal of the History of Ideas*, 1985, vol. 46, no. 1, pp. 101-120; and Duncan Macleod, "The Political Economy of John Taylor of Caroline," *Journal of American Studies*, 1980, vol. 14, no. 3, pp. 387-406.

Thomas P. Slaughter reminds us that the argument over taxation is central to the American Revolution in "The Tax Man Cometh: Ideological Opposition to Internal Taxes, 1760-1790," *William and Mary Quarterly*, 1984, vol. XLI, no. 4, pp. 566-91.

Government Expansion

An analysis of the 1920s shows that the reduction in government spending after the First World War was only apparent. Jacob Metzger, "How New Was the New Era? The Public Sector in the 1920s," *Journal of Economic History*, 1985, vol. 45, no. 1, pp. 119-126, shows that the steadily increasing trend of the prewar era was continued during the 1920s. One reason why it is so difficult to reduce in absolute terms the size of government spending is suggested by Robert Higgs, "Crisis, Bigger Government, and Ideological Change: Two Hypotheses on the Ratchet Phenomenon," *Explorations in Economic History*, 1985, vol. 22, pp. 1-28.

Vietnam

Nineteen eighty-five was the tenth anniversary of the "Fall of Saigon" and it prompted many historians and commentators to review the reasons for the defeat of American forces in Indochina. Unfortunately, time has not made us any wiser if these popular assessments are anything to go by. The American foreign policy establishment is still unable to understand the reasons why an economically backward colonial society was able to resist and eventually repel in turn three powerful colonial systems, the French, the Japanese, and the American. To understand the long-term historical reasons for the success of the Vietnamese anticolonial struggle it is necessary to turn to David G. Marr's excellent intellectual history, *Vietnamese Tradition on Trial, 1920-1945* (Berkeley: University of California Press, 1981), in which he shows how a powerful ideology of independence and resistance was developed. Marr should be read in conjunction with the economic history of the first of the three Indochinese imperial powers by Martin J. Murray, *The Development of Capitalism in Colonial Indochina (1870-1940)* (Berkeley: University of California Press, 1980). See also "Perspectives on Vietnam—Three Review Articles," *Journal of Asian Studies*, 1985, vol. 44, no. 2, pp. 337-357; and Samuel L. Popkin, "Colonialism and the Ideological Origins of the Vietnamese Revolution," *Journal of Asian Studies*, 1985, vol. 44, no. 2, pp. 349-357. On the appalling consequences of mindless antiproperty and antimarket sentiment in communist Cambodia see Someth May, "The Field Behind the Village," *Granta 13*, (Cambridge: Granta Publications, 1984).

Ludwig von Mises

Two classics by Austrian economist Ludwig von Mises have been reprinted recently. *Theory and History*,

originally published in 1957, has been reissued in paperback by the Ludwig von Mises Institute (322 Massachusetts Ave. NE, Washington, DC 20002) with a new preface by Professor Murray N. Rothbard. This is Mises's major exploration of the methodologies of the social sciences and history. He takes on determinism, free will, positivism, psychology, and scientific prediction, among other issues. According to Professor Rothbard's preface, *Theory and History* is Mises's "fourth and last great work." Rothbard writes that the book has "made remarkably little impact, and has rarely been cited even by the young economists of the recent Austrian revival . . . [A]nd yet it provides the philosophical backstop and elaboration of the philosophy underlying *Human Action*. It is Mises's great methodological work, explaining the basis of his approach to economics, and providing scintillating critiques of such fallacious alternatives as historicism, scientism, and Marxian dialectical materialism."

The second reprint is *Liberalism in the Classical Tradition* (FEE/Cobden Press, Irvington-on-Hudson, NY, 10533, in cooperation with IHS), originally published in English as *The Free and Prosperous Commonwealth* (1962). This book is Mises's classic statement of the nature of liberal society. It covers such topics as property, freedom, economic policy, and foreign policy.

The Law

Professor Richard A. Epstein of the University of Chicago Law School, has written a major Lockean treatise in which he offers a thoroughgoing critique of the welfare state from a Constitutional perspective. *Takings: Private Property and the Power of Eminent Domain* (Harvard University Press) "argues that the system of limited government and private property is not elastic enough to accommodate the massive reforms of the New Deal or those reforms that preceded or followed it." Writes Professor Epstein, "I argue that the eminent domain and parallel clauses in the Constitution render constitutionally infirm or suspect many of the heralded reforms and institutions of the twentieth century: zoning, rent control, workers' compensation laws, transfer payments, progressive taxation."

Austrian Economics

The Economics of Time and Ignorance (Basil Blackwell) is a pathbreaking discussion and extension of Austrian economics by Dr. Gerald P. O'Driscoll Jr., senior economist with the Federal Reserve Bank of Dallas, and Professor Mario J. Rizzo of New York University. The first part of the book elaborates on the importance of subjectivism, the dynamic conception of time, and uncertainty. The second part applies these concepts to such issues as competition and discovery, monopoly, money, and, in a chapter by Professor Roger Garrison of Auburn University, capital theory.

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