

Contents

<i>Introduction</i>	ix
1 Essential principles of the Austrian school	1
1.1 The Austrian theory of action versus the neoclassical theory of decision	1
1.2 Austrian subjectivism versus neoclassical objectivism	5
1.3 The Austrian entrepreneur versus the neoclassical <i>homo economicus</i>	6
1.4 The possibility of pure entrepreneurial error (Austrians) versus the <i>a posteriori</i> rationalization of all decisions (neoclassicals)	7
1.5 The subjective information of the Austrians versus the objective information of the neoclassicals	7
1.6 The entrepreneurial process of coordination (Austrians) versus general and/or partial equilibrium models (neoclassicals)	8
1.7 Subjective costs (Austrians) versus objective costs (neoclassicals)	10
1.8 The verbal formalism of the Austrians versus the mathematical formalism of the neoclassicals	11
1.9 The link between theory and the empirical world: the different concept of "prediction"	12
1.10 Conclusion	15
2 Knowledge and entrepreneurship	16
2.1 The definition of entrepreneurship	16
2.2 Information, knowledge and entrepreneurship	17
2.3 Subjective and practical rather than scientific knowledge	18
2.4 Exclusive, dispersed knowledge	19
2.5 Tacit, inarticulable knowledge	20
2.6 The essentially creative nature of entrepreneurship	21
2.7 The creation of information	21
2.8 The transmission of information	22
2.9 The learning effect: coordination and adjustment	23
2.10 The essential principle	24

2.11	Competition and entrepreneurship	25
2.12	Conclusion: the Austrian concept of society	27
3	Carl Menger and the forerunners of the Austrian school	28
3.1	Introduction	28
3.2	The Scholastics of the Spanish Golden Age as forerunners of the Austrian school	29
3.3	The decline of the Scholastic Tradition and the influence of Adam Smith	34
3.4	Menger and the subjectivist perspective of the Austrian school: the conception of action as a set of subjective stages, the subjective theory of value and the law of marginal utility	37
3.5	Menger and the economic theory of social institutions	40
3.6	The <i>Methodenstreit</i> or the controversy over method	41
4	Böhm-Bawerk and capital theory	44
4.1	Introduction	44
4.2	Human action as a series of subjective stages	45
4.3	Capital and capital goods	46
4.4	The interest rate	50
4.5	Böhm-Bawerk versus Marshall	53
4.6	Böhm-Bawerk versus Marx	53
4.7	Böhm-Bawerk versus John Bates Clark and his mythical concept of capital	55
4.8	Wieser and the subjective concept of opportunity cost	58
4.9	The triumph of the equilibrium model and of positivist formalism	59
5	Ludwig von Mises and the dynamic conception of the market	62
5.1	Introduction	62
5.2	A brief biographical sketch	62
5.3	The theory of money, credit and economic cycles	64
5.4	The theorem of the impossibility of socialism	66
5.5	The theory of entrepreneurship	70
5.6	Method in economics: theory and history	71
5.7	Conclusion	73
6	F.A. Hayek and the spontaneous order of the market	75
6.1	Biographical introduction	75
6.2	Research on economic cycles: intertemporal discoordination	79

6.3	Debates with Keynes and the Chicago School	83
6.4	The debate with the socialists and criticism of social engineering	84
6.5	Law, legislation and liberty	90
7	The resurgence of the Austrian school	95
7.1	The crisis of equilibrium analysis and mathematical formalism	95
7.2	Rothbard, Kirzner and the resurgence of the Austrian school	100
7.3	The current research program of the Austrian school and its foreseeable contributions to the future evolution of economics	102
7.4	Replies to some comments and criticisms	106
7.5	Conclusion: a comparative assessment of the Austrian paradigm	110
	<i>Bibliography</i>	114
	<i>Index</i>	123