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Explorations in Austrian Economics

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## Abstract

Austrian economics today is a living research program, pursued by scholars around the globe, associated with an intellectual lineage that began in Vienna with Carl Menger's 1871 *Grundsätze der Volkswirtschaftslehre* (Principles of Economics).<sup>1</sup> Menger's ideas were soon advanced by his followers Eugen von Böhm-Bawerk and Friedrich von Wieser. In the mid-20th century Ludwig von Mises and Friedrich Hayek did the most to extend economic research along Mengerian lines. Some of the Mengerian innovations (marginalism, opportunity cost) have been incorporated into mainstream neoclassical economics, and Mises and Hayek viewed their own research program merely as *modern economics*.<sup>2</sup> But as Israel Kirzner (1994, p. xii) has noted, those involved in "the contemporary post-Misesian revival of Austrian Economics" now appreciate "the distinctiveness of the Austrian tradition" stemming from Menger.<sup>3</sup>

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View Austrian Economics Research Papers on Academia.edu for free. This paper draws on Austrian Economics contributions and its criticism of interventionist policies and programs to assess the prospects of Behavioral economics nudges and libertarian paternalism in a world where fallible knowledge is more. This paper draws on Austrian Economics contributions and its criticism of interventionist policies and programs to assess the prospects of Behavioral economics nudges and libertarian paternalism in a world where fallible knowledge is pervasive. We go on to argue that one of the main problems underlying behaviorally informed regulations and nudging in the Austrian economics has been through quite a rollercoaster ride over the last 10 years as the housing bubble appeared to vindicate many of their views and then the economic recovery proved many of their dire predictions completely wrong. I think Austrian Economics is deficient and Austrian Business Cycle Theory is inherently flawed and built on misunderstandings about the way the modern monetary system actually works. Importantly, I am not saying that the ideas in Austrian Economics are necessarily wrong. I am saying that they are applied to the monetary system in a way that misunderstands the While the foundational principles of Austrian economics are incompatible with socialism, this does not settle every policy questi Cite. Download full-text. Robust political economy (RPE) is a research program that combines insights from Austrian economics and public choice to evaluate the performance of institutions in cases of limited knowledge and limited altruism, or "worst-case scenarios." Many critics of RPE argue that it is too narrowly focused on the bad motivations and inadequacies of social a Austrian economics today is a living research program, pursued by scholars around the globe, associated with an intellectual lineage that began in Vienna with Carl Menger's 1871 *Grundsätze der Volkswirtschaftslehre* (Principles of Economics).<sup>1</sup> Menger's ideas were soon advanced by his followers Eugen von Böhm-Bawerk and Friedrich von Wieser. In the mid-20th century Ludwig von Mises and Friedrich Hayek did the most to extend economic research along Mengerian lines. Some of the Mengerian innovations (marginalism, opportunity cost) have been incorporated into The Austrian School of Economics derives its name from its Austrian founders and early supporters, including Carl Menger, Eugen von Böhm-Bawerk and Ludwig von Mises. Other significant economists include Henry Hazlitt, Murray Rothbard and Nobel Laureate Friedrich Hayek. Current research is represented by, among many others, scholars from the Ludwig von Mises Institute.

