

## [Five books on Austrian economics](#) [1]

Written by [Sam Bowman](#) [2] | Tuesday 17 January 2012

At The Browser's excellent FiveBooks page, Austrian school economist Peter Boettke recommends [five books to read to understand the Austrian school of economics](#) [3]:

- 1) Human Action ? Ludwig von Mises
- 2) Individualism and Economic Order ? FA Hayek
- 3) Calculation and Coordination ? Peter Boettke
- 4) The Invisible Hook ? Peter Leeson
- 5) After War ? Chris Coyne

It's a good list, mixing the pillars of twentieth century Austrianism, Mises and Hayek, with works that reflect contemporary scholarship being done in the Austrian tradition. The last two books are especially interesting ? Leeson's work on informal legal systems led him to studying pirates and the mechanisms they used to keep some semblance of order in a stateless environment. Coyne's work looks at the political economy of "exporting democracy" ? that is, trying to build liberal democratic institutions where they do not exist in countries like Iraq and Afghanistan. I think it's fascinating how academics like Coyne and Leeson are using the Austrian framework to branch into different areas of the humanities, and a nice countertrend to the silly overspecialization that is taking place in many other parts of academia. Little needs to be said about the first two, although it's interesting to note the vastly different approaches taken by the system-building, hedgehog-like Mises and the eclectic, fox-like Hayek.

On the Austrian school itself, Boettke has a lot interesting to say. His closing comment is interesting:

Most standard economics assumes that the relationships we are trying to understand can be captured by a continuous function that's smooth and twice differentiable. What the Austrian analytics suggests is that life is not actually a continuous and smooth function that's twice differentiable, but instead a lumpy function, a discrete function, in which there are all kinds of difficulties in the ability for us to model them the way our standard approach does. So, instead, what we engage in is discursive reasoning. You use the logic of economic action, the logic of choice, you worry about opportunity cost and presume individuals are doing the best that they can, given their situation. But notice, even in that phrase, you have to spend a lot of time specifying what that situation is. That situation is full of historical context and institutional details. A lot of your story is made up of the specification of the context in which economics decisions are made.

I'm annoyed by the [superficial empiricism](#) [4] that people often apply to economics in policy. The world isn't a laboratory where things can be controlled to isolate a single variable, and it's telling that the biggest data point we have for deep recessions (America's Great Depression) has inspired a handful of contradictory "remedies" for recession. A dose of Austrian economics, with its realism about the limits of human knowledge and wariness of scientism, would be a nice change from the silly inductive reasoning that

dominates policy discussions today.

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