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Per L. Bylund (ed), *A Modern Guide to Austrian Economics*. 2022. Northampton: Edward Elgar Publishing, Inc., 328 pages. USD $49.45 (paperback)

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This volume contains fifteen chapters contributed by various authors on a variety of topics ranging from methodology, entrepreneurship, spontaneous order, economic calculation and socialism, the social and moral aspects of markets, money and banking, and capital theory, among others. Its stated aim is "to provide a starting point for scholars interested in contributing to Austrian theory and/or using it in applied research" (p. 3). This review's aim will be the same.

The organization of the book is sensible: grouping together its two chapters on methodology, its three chapters on entrepreneurship, and its three chapters on money. It is easy to read and it is free of grammatical and spelling errors. It presents quite number of complex ideas in straightforward fashion, exposing areas where future research might be fruitful. In what follows, each of the volume's chapters are considered in turn, followed by concluding comments.

Chapter 1 discusses the history of praxeology, examines misunderstandings of Mises's works, and suggests areas for future research. Chapter 2 presents a historical analysis of Austrian phenomenology, placing Misesian praxeology within the *realist* camp. Citing a study by Packard and Byland, the chapter expresses a "fanciful hope" that future scholarship along recommended lines might "reconcile the [philosophical] camps [e.g., Lachmann & Lavoie versus Rothbard & Hoppe] and put an end to the longstanding philosophy wars within the Austrian school" (p. 18).

Chapter 3 emphasizes that entrepreneurial alertness is "itself, according to Kirzner, a form of knowledge, one that cannot be bought and sold as a factor of production, but a knowledge that enables the discovery of other forms of knowledge" (p. 44) about opportunities for profits that in Kirzner's view are out there "waiting to be noticed" (p. 47). Reflecting on related literature (e.g., Foss, High, Klein, Koppl, Sel-

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gin), it concludes that although Misesian methodology forbids economics to venture into philosophy, when alertness is defined as a “propensity to transcend the current framework of means and ends” (p. 39), a path to understanding alertness might lie in the “hylomorphic tradition of the human soul known to Aristotelian scholars” (p. 57).

Chapter 4 argues that it makes “more sense” to treat as core concepts “judgements such as investment decisions or choices about how to combine capital assets” rather than either: Kirznerian “discovered” opportunities (awaiting the arrival of an alert entrepreneur); or opportunities “created” by heroic Schumpeterian innovator-entrepreneurs (p. 68). Still, it straightforwardly acknowledges that “the nature of judgement is that it is not susceptible to a complete, formal articulation or analysis,” and that, “Judgement is decision-making about the uncertain future; to the extent that we can parameterize and systematize these decisions, they are not judgements!” (p. 68).

Chapter 5 discusses Mises’s view of the promoter-entrepreneur as *the* “driving force of the market process” (p. 85), distinguishing it from the theories of Kirzner & Hayek and the judgement-based approach (Chap. 4) whose emphases are on non-promoter-entrepreneurs. It highlights publications by Bylund in 2016 and 2020 that analyze actions of the promoter beyond the boundaries of the evenly rotating economy (within whose boundaries Mises could not rigorously analyze the promoter). It urges scholars to think more deeply about nature and consequences of the actions of the Bylund/Mises promoter-entrepreneur, expressing disappointment that, “Austrian capital theory [as exemplified in works by Hayek, Lachmann, and Cachanosky & Lewin presents how the capital structure adjusts to changes in interest rate, but the mechanics of such changes, especially the extensions and contractions of the roundaboutness of production are severely undertheorized [as explained by Bylund’s work]” (pp. 99–100).

Chapter 6 cites Adam Ferguson’s conceptualization of spontaneous orders as social institutions resulting from human action, but not “the execution of any human design” (p. 103). Its careful discussions of the foundational thoughts of Menger, Mises, and Hayek lead to its conclusion “that the most productive use of scholarly energy might be in taking up the mantle of the Austrian forefathers … applying their ideas to modern augments against market institutions;” echoing Hayek (*The Fatal Conceit*, Routledge 1988, p. 76): “The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

Chapter 7 argues that the best hope of understanding human action is to remain cognizant that people are “complex, fallible, emotive, social beings” (p. 122) as opposed to opposite view it ascribes to the *homo economicus* [“emotionless, compassionless, uncompromising, friendless, and calculating being” (p. 121)] of neoclassical economics. Austrian economics, it emphasizes, maintains that “every human action, even misguided ones, is purposeful.” Here readers familiar with Hayek may take issue. The frequent use of the word “social” in this chapter brought to mind Hayek’s caution in Chap. 7 of *The Fatal Conceit* regarding its excessive or incautious use as a potential impediment to fundamental understanding. (Hayek called it a “weasel word,” p. 114, *The Fatal Conceit*.) This aside, the chapter is insightful and its discussion of the importance of Hayekian rules to market processes and potential positive feedbacks from market processes to morality is particularly good.

Chapter 8 provides an excellent review of the extensive literature through which Austrians have analyzed, defended, and debated the relative merits of private versus socialistic control and coordination of the means of production. It integrates some 97 sources from 1908 to 2020, providing a solid starting point for scholars seeking to make an Austrian contribution to the area of political economy.

Chapters 9, 10, 11 provide excellent guidance on a variety of issues in monetary theory that distinguish Austrian economics. For example, both 9 and 10, in different ways emphasize the importance of not seeing money as a veil, but as the medium of exchange that brings into orbit all vendible goods & services, opening investigations into business cycles resulting from either: money-quality deterioration (in 9); or the elasticity of credit attending fractional-reserve banking systems (in 10). Chapter 11 reviews debates spurred by juxtaposing the observation of widespread usage of cryptocurrencies as mediums of exchange and the traditional Austrian-school explanation of the emergence of money.

Chapter 12 takes a deep dive into the pure time preference theory of interest (PTPT) and formally models a number of verbal Austrian-school theories. The chapter emphasizes the dangers of the one-good model that is so widely used (and misused) in neoclassical economics. Still, it is straightforward about deficiencies in the canonical PTPT, concluding that Herbener's nascent *calculation theory* offers the most promising path forward.

The next chapter,13, begins with a historical account of Austrian capital theory from Böhm Bawerk's thoughts on roundaboutness, to Hayek's pedagogical triangle, to Lachmann on capital heterogeneity, to Garrison's "trendy model" (p. 242). This history highlights various roadblocks arising from these approaches, suggesting Macaulay's and Hick's works on duration to bypass the roadblocks and still support "the intuition behind Böhm Bawerk's roundaboutness and the distinctive building blocks of Austrian business cycle theory" (p. 246). Chapter 13 recommends future research into how to extend its financial model to decision-making about heterogenous capital goods (the missing mechanics of change analysis in this model that Chap. 5 expressed disappointment about the lack of).

The penultimate chapter, 14, properly classifies Austrian Business Cycle Theory (ABCT) as a top four area distinguishing Austrian economics. It first reviews the literature that gave rise to the core components of the canonical ABCT before considering more recent publications that have increased the plausibility of ABCT. It provides insightful discussions of new institutions and banking practices, the rational expectations critique of ABCT, real aspects of business cycles, and international spillovers and synchronization. The chapter encourages additional research that further addresses "the rational expectations critique" and "the nature of the malinvestment, overconsumption, and capital consumption during the boom" (p. 275). Given that there is a significant series of publications (on sequestered capital) that advance these objectives (see McClure & Thomas, 2017, 2018a, b; Curott et al., 2019; and McClure, Thomas, and Spector 2020), this omission in this chapter is particularly disappointing (as it is, to a somewhat lesser degree, in this volume's chapters on capital structure, entrepreneurship, and money).

The fifteenth and final chapter on "Austrian Sociology" begins by acknowledging the tendency of modern-day sociologists to apply the pejorative label "neoliberalism" to Austrian-school economics, using "guilt by association and strawman fallacies" to "refer to Austrian proponents of free market capitalism as dangerous to the world order" (p. 284). This chapter shows this tendency to be fatuous, drawing attention to areas of strong connection between Austrian economics and particular branches of sociology, weaving an extensive list of references (nearly 190) into a compelling case.

In assessing the volume's stated aim, the work does a fairly good job. Only "fairly" for two reasons. First, published research relevant to a number of chapters was overlooked (details in the Chap. 15 review above). Secondly, the volume's index is poorly done. Scholars who are mentioned in various chapters (e.g., Bylund, Garrison, Horwitz, and Salerno) are excluded from the index. Meanwhile, others (e.g., Klein) who are shown in the index, appear many more time in the volume than the index indicates. Because the volume aims to provide a strong starting point for scholars, these omissions interfered with this aim's accomplishment.

Data availability Not applicable.

Declarations

Competing interests The authors declare no competing interests.

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