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Kiel Seminar in Austrian Economics

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Austrian Economics

- Cradle of modern economic thinking
 - Marginal revolution, concept of opportunity costs
 - Subjectivist theory of value
- Criticism of “homo oeconomicus” and “Neoclassics”
 - Over-simplistic assumptions (economic core is assumed away)
 - “Pure-and-perfect competition” as model without true competition (e.g. problem of representative firms)
 - Problematic macro-micro-dichotomy
- Holistic approach
 - Praxeology: Economics as science of human action
 - Catallactics: Science of human inter-action (market exchange)
 - Aprioristic analytic framework
 - Set of fundamental claims describing economic/social reality
 - Strictly deductive logic as ultimate proof only (vs. eclecticism and empirical “evidence-based” work)
 - Focus on pattern prediction
 - Liberalism as a social philosophy
 - search for laws driving voluntary social cooperation
 - contractual society as benchmark for human interaction



Human Action

- Purposeful behavior
 - Purpose: reducing uneasiness
 - Human beings as universal entrepreneurs (not decision machines)
 - Action: decision making + search for means
- Individuals act ...
 - ... but not in isolation (society formed by voluntary interaction)
 - ... groups do not (anti-collectivist approach)
- Individual preferences as ranks only
 - Making choices on means (no discussion of ends)
 - No room for interpersonal comparison of utility (no social planner)
- Diminishing marginal utility
 - Follows from praxeological approach (outcome, not an assumption)
 - Not a psychological/physiological phenomenon
- Action in time
 - Dynamic disequilibrium approach
 - ERE as a state of non-action (thought experiment only)
- Uncertainty, limited and distributed knowledge
 - Action as speculation based on subjective judgments



Big topics

- Production and value theory
 - Production in time-consuming stages, no uniform production function (first/second/third ... order goods)
 - Process of value imputation in a modern complex economy
- Theory of money and credit
 - Money vs. money substitutes; monetary regression theorem
 - Currency competition, private money production
- Pure theory of interest and capital
 - Time preference and interest
 - Capital as stock of non-permanent means
 - Structure of the capital stock (strong path-dependency)
- Monetary theory of the business cycle
 - Non-neutrality of money
 - Credit creation and banking crises
- Exploding overproduction/excess saving theories
 - No limits to "growth" (division of labor/capital accumulation)
- Evolutionary emergence of social institutions
- Impossibility theorem of socialist economic calculus



Some global issues to address

- Global division of labor and international trade:
What about unilateral free trade?
- Social cohesion: Harmony of interest between rich and poor and between capitalists and wage-earners under free markets?
- Peace, economic freedom and the welfare state:
Is interventionism a source of social conflict?
- Monetary systems:
What did fractional-reserve banking ever do for us?
Is there a chance for a workable free banking system?
- Profit motive, wealth and inequality:
Is individual success in the free market a cause of anyone's impoverishment?
- Radical reform proposals and pattern prediction:
How to refute socialism in the absence of self-declared socialist regimes without apriorism?
- ...



Contribution/design of a Kiel Seminar in AE

- Stepping back for the big picture including methodological foundations (justification pressure)
- Austrian Economics as a serious sparrings partner for “mainstream” approaches (what can we really know?)
- Source of inspiration (topics, policies, methodology)
- Background knowledge on over 150 years of economic debate

- Framework (if there is sufficient interest):
 - Frequency: Monthly, bi-weekly, block-wise?

 - Reading group?
 - Forum for debating specific topics?
 - Course format?

 - Potential contributors?



Questionnaire

- I would welcome a forum to discuss economics from an Austrian perspective at the Kiel Institute
- I would participate in a Kiel Seminar in Austrian Economics
- I would contribute to a Kiel Seminar in Austrian Economics

Preferred frequency

- Monthly
- Bi-weekly
- Block-wise
- Other (please specify): _____

Preferred organization (multiple answers allowed)

- Reading group
- Topic debates
- Course format
- Other (please specify): _____

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