
REVIEW

Defending Civil Society

The Viennese Students of Civilization: the Meaning and Context of Austrian Economics Reconsidered

by Erwin Dekker

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Erwin Dekker's new book is the latest volume in the series "Historical Perspectives on Modern Economics," and that is exactly what Dekker delivers. Nevertheless, there are myriad prisms through which to frame an interpretation, and Dekker's approach is particularly engaging. The Austrian school views market outcomes as emergent orders, but this only rarely translates into a distinctive methodological approach to the intellectual history of the school itself. *The Viennese Students of Civilization* is both a critical analysis and a cultural history offering a deeper understanding of the Austrian school and its context. The historical record will be broadly familiar to many readers, however, Dekker consistently offers new insights into how the Austrian school arose, how it was influenced by Vienna's cultural and intellectual environment, and why this matters for us today.

Dekker's thesis is that the Austrian school was the unique product of an intellectual community consisting not merely of economists or social scientists in a narrow technical sense, but who were generalists first and specialists second. Continental intellectual life of this period exhibited a cosmopolitan breadth which can seem intimidating to contemporary hyper-specialized academics—particularly to Americans. In addition, Vienna's role as the capital of a diverse multinational empire practically guaranteed a less insular perspective for its intellectuals.

Dekker focuses on Ludwig von Mises's circle or *kreis*, which was active in Vienna between the two World Wars, and which was fundamental in developing and transmitting the Austrian school's doctrines and traditions. The Austrian students of civilization were committed to a dis-

tinctively agnostic world-view characterized by an approach Dekker calls "therapeutic nihilism," a term borrowed from medicine. The comparable approach in medical practice focuses on understanding the processes of disease and healing, but avoiding active intervention and allowing the body to heal itself to the extent possible. Similarly, the first- and second-generation Austrian economists saw their role as understanding and describing the evolution of the emergent social orders of markets, law, government, social norms, and civilization itself—they might critique and analyze public policy, but generally would not advocate for particular policy measures beyond *laissez faire*.

Accordingly, the Mises *kreis* eschewed any attempt to direct markets and other emergent orders, but their agnostic humility ceded whole areas of political economy to proponents of Marxian social engineering. The Austrians argued against substituting the arbitrary design order of central economic planning for the spontaneous order of the market economy. As students of civilization, their primary aim was to articulate the ideal of a social order worth preserving. It is important to recognize that their role in defending emergent orders is essentially progressive, and contrasts sharply with a blind defense of a specific social order against the emergent forces of evolution and social development. The latter would have represented a conservative, even reactionary, principle.

The Viennese students of civilization sought a deeper understanding of the forces governing the development of civilization and other undesigned orders, in an environment where these forces were retreating. Over time, as the rela-

tively liberal and cosmopolitan Austrian Empire began to erode from the assertion of competing nationalisms, its ability to foster liberalism declined. By the 1930s, the growth of genocidal totalitarianism led the Austrian economists to adopt increasingly normative modes of analysis and criticism. This may have resulted less from a fundamental shift in philosophy than from the proliferation of breathtakingly abominable public policy. Bad policy had always been there, but under totalitarianism there was to be no debate, no free press, and no deviation from the central plan—only mute obedience. In this worst of possible worlds, where dissent and inquiry were met with violence, the only option for the surviving liberal intellectuals was exile.

However nostalgic they may have been for the supremely cultured world they once dominated, it is quite clear that the Mises kreis were not reactionaries who wanted to restore fin-de-siècle Vienna. As students of civilization, they wanted to fight against an increasingly oppressive environment which threatened—and still threatens—to stamp out every vestige of civilization for all time. Because their scholarship focused on social cooperation, they were in a unique position to appreciate what had gone wrong. Around World War II, the Viennese students of civilization largely migrated to the United States, which may have afforded more freedom than some could fully appreciate.

The students of civilization were justly skeptical of economists' ability to fulfill the role of savior, where economists were to act as charismatic technocrats, prescribing positive public policy to guarantee desired outcomes. Instead, the Austrians continued to contribute devastating critiques of social engineering, only to meet indifference from an intellectual atmosphere where they were asked only to perfect the pet social programs of the day. They had to combat a mentality which sees as a revelation, the assertion that human welfare can be improved if only people could be compelled to adopt more class-conscious values. Sadly, in this regard little has changed from the turn of the last century. The Austrian critics of the economist-as-savior found themselves adopting that role when faced with the overwhelming crisis of a civilization abandoning any semblance of civilized values.

I. INTRODUCTION

In his introduction Dekker introduces the Dutch painter Carel Willink's (1900-1983) 1931 surrealist painting, "Late Visitors to Pompeii," which is reproduced on the book's cover. The examination of the Austrian school through

the perspective of contemporary cultural and literary works recurs throughout the book, and is one of its real strengths—Dekker's insight extends beyond the development of Austrian economics, and his interpretive chronicle of the cultural milieu is engaging in its own right. Willink called his visual style "imaginary realism," drawing inspiration from Giorgio de Chirico's metaphysical paintings and Picasso's neoclassical period. Set against the background of Pompeii's ruins, a smoldering Vesuvius rises in the distance, with four male figures in the foreground. The four are overdressed even by the standards of the time, perhaps to suggest they are cultured to the point of being ineffectual—the impression is dignified but somewhat comical. Enigmatically, they have their backs to each other.

The historian Oswald Spengler (1880-1936), author of *The Decline of the West* (1918-1922), wears a morning coat and brandishes a cigar as he faces away from the viewer toward Pompeii's ruins and the volcano which destroyed the city two millennia earlier—and which may erupt again without warning. Both the historian and the volcano are smoking. At left, a figure identified as the artist, looks over his shoulder at the viewer. The four figures are curiously disengaged from each other, and seem lost in thoughts of their own.

Dekker sees the painting as emblematic of our quasi-Spenglerian civilizational crisis. Like the Mises kreis, cultured scholar-observers have the evidence of past—and perhaps impeding—civilizational crises at hand, but focus more on either the mundane or the internal, perhaps indicating specialists' absorption with the technical details of their disciplines. We desire and appreciate the values of the vanished civilization and our cultural inheritance, but like the four observers, we are powerless to prevent the cycle of destruction from repeating.

Except for Spengler the historian, the other three seem particularly divorced from their environment and bear no relationship to each other, but that may be only because civilizational collapse was the focus of Spengler's scholarship. The individuals' differing perspectives preclude any possibility of cooperation. This becomes emblematic of the various Viennese *kreise* growing apart in the 1920s and 1930s.

Dekker's historical account helps us understand Hayek's transition from the leading business cycle theorist to a political philosopher and historian of science. This insight contributes in turn to a fuller understanding of some of Hayek's most-read works, including "The Use of Knowledge in Society," (1945) and "The Primacy of the Abstract" (1969). Although an extended discussion of *The Sensory Order* (1952) would take the reader far afield—and it would

be difficult to have a brief discussion of that most profound and enigmatic book, because its first outline dates from about 1920, it would have been helpful to put it in context. It would also help relate, however peripherally, Hayek's post-war work on decentralized knowledge, with the early work he conducted when the *kreise* were still active.

Hayek's initial contribution to the economic calculation debate was to critique the general equilibrium theorists' position, that economic planning merely put the solution of behavioral equations in the hands of a mathematically-literate and public-spirited elite. In "Economics and Knowledge" (1936), Hayek refuted this general equilibrium position based on its overly-ambitious assumption that all agents have perfect information, which is common to all and can be readily transferred to the central planners. In reality this knowledge is dispersed, inchoate, and inarticulate, including subjective wants and beliefs, which are inexpressible except to the extent they are revealed through market prices arrived at through the choice of consumers and producers. Hayek argued that this knowledge set is given to no one in its entirety. Hayek (1945) also recognized that market prices communicate the essentials of this information set, enabling market participants to coordinate production and consumption throughout the economy.

Not only does this price mechanism work without a central planning authority, it makes use of information which central planners cannot access. Only market prices freely chosen by market participants can reflect the interaction of free exchange or support efficient resource use. Mises and Hayek also argued that a socialist central planning agency—whether *Gosplan* or the *Reichswirtschaftsministerium*—would be unable to collect or apply this information. Not even a central bank can access the dispersed knowledge necessary to manage the money supply, nor would it be able to use this information properly.

II. CULTIVATING ECONOMIC KNOWLEDGE

Dekker's chapter 2 discusses the relationships among Vienna's overlapping *kreise* of intellectuals. In addition to the Mises *kreis*, which is central to the Austrian school, there was the famous Vienna circle of analytical philosophers, including Moritz Schlick, Rudolf Carnap, and Otto Neurath; the Mathematical Colloquium of Karl Menger and Kurt Gödel; and circles around Heinrich Gomperz, Hans Kelsen, Othmar Spann, Otter Bauer, and Hayek. Although certainly the Mises *kreis* was the most important for Austrian economics, the *kreise* were not insular—if an

idea was discussed in one, to some extent that made it current in the others.

For example, members of the Mises *kreis* were well aware of the issues discussed by the Vienna circle and the Mathematical Colloquium, and vice-versa. Hayek in particular was an enthusiastic reader of his cousin Wittgenstein's philosophical works. Though Wittgenstein was never a member of the Vienna circle, they often discussed his work, particularly the *Tractatus* (1921). Not only did certain individuals like Hayek participate in more than one circle, but the *kreise* did not limit their discussions to narrowly-delimited disciplines or ideas. It may be helpful to think of the *kreise* as a community of profoundly erudite amateurs in the broader intellectual sense, and only as narrowly-specialized professionals in their own disciplines—by today's standards, many participants would qualify as polymaths.

The relationships among the *kreise* in the context of Vienna's intellectual atmosphere is particularly fascinating. Beyond the Mises *kreis* and the better-known Vienna circle of logical positivists, comparatively little has been written about either the other *kreise* or their interaction. The *kreise* also exhibited a distinctly upper-class aspect, sometimes suffering from a social rigidity and deafness to intellectual merit in purported social inferiors, which might seem frustrating to Americans, not to mention Marxists.

III. TRAPPED BETWEEN IGNORANCE, CUSTOMS, AND SOCIAL FORCES

Dekker next discusses the progress of liberalism in Austria-Hungary before World War I, and in the Austrian Republic between the wars. By 1850, German-speaking reformers in the capital naïvely believed that all ethnic groups within the empire would embrace liberalism along with what they viewed as the superior German culture—they were political liberals, but some embraced a degree of cultural imperialism. Views among this group probably ranged from one extreme of literal insistence on German cultural superiority, to more moderate views, e.g., that German language was to be promoted merely as a lingua franca and a unifying adjunct to the empire's other liberal institutions.

In 1861, the Austrian Empire adopted a liberal constitution which made Hungary an independent kingdom within the empire. In retrospect, it was hardly surprising that other ethnic groups subsequently desired equal status. From this point onward, the only thing which held Austria-Hungary together until its dissolution at the end of World War I, was

the relative popularity of the sovereign, not any liberal institutions or ideology, which progressively lost ground.

The Viennese students saw political liberty as partly being actualized by an absence of restraint, but also as resulting from the voluntary restraint imposed by social conventions and institutions which facilitate cooperation. Social norms constrain us from initiating violence against each other, and help protect against the imposition of socialism. The market order requires respect for private property, but enables individuals to cooperate in producing a standard of living hitherto unimaginable and unrealizable. It was easy to be optimistic about this process as long as one could envision the future abandonment of competing nationalisms, but instead the empire became progressively balkanized until its final collapse at the end of the First World War.

IV. THE MARKET: CIVILIZING OR DISCIPLINARY FORCE?

Next, Dekker contrasts the perspective of Marxian social engineering with the market order of liberalism. Social engineering aims at imposing a presumably superior, scientifically-designed order, in contrast to the natural order of the market economy. One way to explicate this distinction, is to consider the drastically oversimplified reality of any tractable economic model, which abstracts out most of the complexity on which market outcomes depend in reality. If one believes with sufficient zeal in theory to the exclusion of reality, the model's minimal information requirements—however naïve—present no apparent obstacle to implementing central economic planning or government regulatory policy in preference to imperfect market outcomes.

Though an economic model is a limited description of reality, it is perfectly what it is. As Hayek would develop during and after World War II, the information necessary for the natural market order is dispersed among numerous participants, and chiefly includes knowledge which is unique to each individual—such as their own preferences. Since preferences are largely inarticulable, there is no way for central planners to coopt, simulate, or tease out this information—it is inherently inexpressible, except through freely arrived-at market exchanges and the price data these generate.

In the Austrian economists' view, markets both liberate and constrain, as only adherence to social norms enables us to participate and succeed in a market economy—these are traditions which emerge and evolve spontaneously in each society. The division of labor made possible by private property and political liberty, enables us to enjoy an ever-

expanding level of material well-being, which would otherwise be limited to the most pathetic subsistence. However, to participate in a market economy, we have to accept the rules of the game—we have to cultivate, through sustained and consistent behavior, reputations for honesty, fair-dealing, producing quality products, etc., to obtain the greatest benefit from social intercourse. And our focus shifts from satisfying our own wants, to satisfying the wants of others—to better fulfill our own ends.

The consumer sovereignty of free enterprise contrasts with the feigned omniscience of socialist planners, who decide what they think is best for society, and seek government force to impose their imperious designs on the mass of innocent bystanders. Where market exchange is voluntary, transactions under socialism are coerced and would not otherwise be entered into willingly. Indeed, socialists see the purported social desirability of their designs as justifying coercion to the point of genocide.

The Mises kreis extensively discussed the source of the emergent market institutions constraining human behavior within a liberal order, as well as analyzing particular institutions and behavioral norms facilitating human flourishing. Though this might have informed the design of artificial institutions, the Austrian economists generally refrained from making that leap, which would have done too much violence to their free-market *weltanschauung*. In the late nineteenth century, socialism held an aura of scientific respectability that made it seem a natural adjunct to liberalism. Until it was actually implemented in Soviet Russia, most intellectuals saw socialism as a panacea for all imperfections in society, if only because it promised a rationally-engineered order directed by a class of anointed intellectuals, which role they were most eager to fill, in contrast to their traditional role of constructing imaginary utopias.

Even after the fall of communism, this pathetically naïve hagiography persists, promising a nirvana free from scarcity, as long as resources can be scientifically directed toward ends chosen by someone other than the ignorant consumer, who lacks sufficient Marxian class consciousness. The only barrier to attaining this perfect society is the inability of ignorant consumers to adopt the enlightened and altruistic preferences these charismatic and omniscient—perhaps deluded or imperious—are better words—social engineers are pleased to assume for us.

The same perspective is equally fast to condemn free markets for any rent-seeking permitted by poor government policy, and proposes socialism as the only solution for any perceived ill. If scarcity results from unlimited wants,

surely it can be eliminated by forcibly suppressing the greed of consumers, and of the producers who wastefully cater to them. Social engineers also assume that individuals will automatically become class-conscious once that is the only alternative they are offered. Only the most extreme versions of this position include explicit genocide—usually the final solution is left implicit.

Hayek contrasted the freedom of a solitary savage, who is answerable to no one, with the freedom social intercourse makes possible, offering numerous opportunities for beneficial interaction and profitable exchange. While the individual in nature is beholden to no one and no group, he must be occupied with subsistence and survival. The material constraints on his existence result in a short, arduous, and unfulfilling life. However, Hayek would not have argued that such hermits should have social intercourse forced on them for their own good.

The individual in society, even in a primitive society, at a minimum can enjoy the protection of numbers, and has the opportunity to achieve benefits from others by offering corresponding benefits. The price is that we obey social norms and observe our society's unwritten behavioral expectations. This is the social constraint on our freedom, which enables us to enjoy a deeper freedom—a cooperative freedom—along with enhanced material well-being.

V. INSTINCTS, CIVILIZATIONS, AND COMMUNITIES

Next, Dekker explores the extent natural instincts have to be moderated to allow individuals to participate in a market economy. Where do such constraining institutions, rules, behavioral norms come from, and what conditions are necessary for them to persist? And can this understanding contribute to the intentional design of better institutions, or perhaps more lasting ones?

A free society needs an intellectual environment which is not antagonistic toward political liberty or private property. Once the Viennese students began to explore the conditions necessary for society to flourish, it became almost inevitable that they would seek to refute and counter the prevailing Marxian ideology of the social engineers. Thus, the chroniclers of civilization would eventually become its active defenders. Only ideas can create a favorable intellectual environment for freedom, for private property, and for economic growth.

Dekker's account of the emergence and evolution of the social order includes a discussion of Robert Musil's (1880-

1942) rambling and unfinished 1930 experimental novel, *The Man without Qualities* (*Der Mann Ohne Eigenschaften*). Musil's mathematician-protagonist Ulrich seeks a confident morality and sense of life, but never discovers a philosophy which satisfies him. By default, he adopts an attitude of moral cynicism and opportunistically allows his character to be dictated by random encounters with others—in other words, the protagonist is a cypher, and through this structural choice Musil is able to satirize the intellectual crises of pre-World War I Europe. Although Ulrich adopts no coherent values, as a mathematician he retains an analytical rigor which repeatedly leads him to no conclusion. He never finds justification to abandon his passivity and moral cynicism.

Ulrich eventually becomes involved in a social movement to commemorate the Austrian Emperor Franz Joseph's 70th year on the throne. A recurring theme is the movement's ambition to outdo the Germans' simultaneous celebration of the 30th year of Kaiser Wilhelm's reign. The leader of the Austrian commemoration is an army general who attempts to impose rational, military approaches on the movement, but is comically frustrated by the chaotic intentions of his assorted collaborators and subordinates.

Social cooperation, though here under government sponsorship, is devastatingly satirized by Musil. Many characters seek to exploit the commemoration movement, with its grandiose and yet essentially meaningless themes, for their own agendas. Ultimately the competing celebration plans result in an arms race between Germany and Austria-Hungary, leading to war and the destruction of both empires. The movements were fatal to what they had been designed to commemorate.

Dekker then discusses cultural historian Johan Huizinga's (1872-1945) philosophical study, *Homo Ludens*, published in 1938, which might be translated as "Man at Play." Part of what Huizinga means by play includes ritual, practice, rehearsal, or ceremony—social artifacts which make up our civilization. Various forms of play or ritual create artificial social orders, which Huizinga argues are essential to developing and transmitting culture. Huizinga claims that play and culture are interrelated through a twin union, but he considers play to be more primary.

Ritualized forms of conflict, such as lawsuits and military combat, depend on norms and rules, and require specific costumes, which Huizinga sees as derived from ritual masks and other primitive artifacts. Such rules-based practices are essential for civilization to be possible as a cooperative enterprise depending on the collaboration of many

individuals. Once rituals and habitual thought-patterns are established in a culture, path-dependency may explain why they are difficult to supersede.

VI. THERAPEUTIC NIHILISM AND THE HUMILITY OF THE STUDENT

The limited sphere of inquiry appropriate to the social sciences is next contrasted with the more activist, “economist as savior” view promulgated by the social engineers. The socialist intellectuals’ conception was that social evolution requires intelligent direction by a charismatic elite—and they were delighted to fill the role of this anointed caste, chosen as much for its class-consciousness as its technical expertise. The high office they ascribed to themselves in such a social order may seem naïve, however, such is human nature seen through sufficiently flattering ideological blinders.

The Austrian school’s response to social and economic problems—study, describe, and seek deeper understanding—contrasted with that of the socialist intellectuals to authoritatively formulate a regulatory policy at the expense of freedom and liberal institutions. Austrians accept that market solutions are never perfect or final. Entrepreneurs are always free to experiment with alternative activities, where some fail and some succeed. In contrast, socialists blame all deficiencies of their social engineering on capitalism—the concentration of wealth, the unfairness of unequal incomes, traditional gender roles, the greed and lack of Marxian social consciousness of individuals in having wants and desires other than those assumed by the modeling of the omniscient and infinitely-virtuous central planning authorities, etc.

The Viennese students of civilization were repeatedly driven to critique deficient public policy, including inflation, price controls, confiscatory taxation, overregulation, predatory public finance, monopolistic rent-seeking, or simply poor, overreaching social engineering. Inevitably it was a very short and natural step to describing the preferable market outcome, and explain how the market should be freed to provide a superior outcome—normally without specifying what outcome the market would necessarily arrive at. One advantage of this approach is that the market outcome, though it may not be universally applauded—it may result in such horrifying outcomes as income inequality—will never involve coercion.

Unfortunately, any strictly positive economics cedes policy analysis to social engineers. Although therapeutic nihil-

ism was a strong tendency among the Mises kreis, they were not completely averse to policy prescriptions—though the policy they advocated was often not sufficiently activist, or overtly progressive, to viably challenge progressive social engineering. Management theorist Peter F. Drucker (1909-2005), Hans Kelsen’s nephew, was one of the first Viennese to advocate for a new political theory as a counter to fascism and socialism. He recognized both totalitarian creeds suppressed the individual, and that classical liberalism as implemented, had proven inadequate to counter these pernicious new doctrines.

Clearly, the humility of therapeutic nihilism is at odds with the hubris of the social engineers who would presume to direct the course of spontaneously-evolving orders, and improve on the organic market outcome which they generally neither understood nor sympathized with—because, not only do the social engineers know best what we should want and how it should be provided, but they are also uniquely gifted with the most progressive Marxian class-consciousness. One circumstance which has thus far preserved humanity against the depredations of competing social engineers, is that they invariably offer numerous conflicting visions of the radiant future.

The dominant social engineering scheme invariably becomes the one asserted with the greatest arrogance, which simply proxies the sheerest ignorance of economic theory and unintended consequences, or more frequently, a comparable ignorance of history, sometimes leavened also with ideological bigotry. This mask of certainty inevitably earns the reward of hubris. Unfortunately, the humility of the students of civilization was not well positioned to outcompete the charismatic and vocal advocates of social engineering, however delusional, who claimed to know best both what we should want and how we should go about obtaining it for the greater good. Reasoned silence is rarely a match for assertive bloviation.

Dekker turns next to Joseph Roth’s (1894-1939) satirical 1932 novel *Radetzky March*, which chronicles rise and fall of the Slovenian Trotta family. During the Second War of Italian Independence in 1859, an infantry lieutenant observes the Emperor Franz Joseph I has come under fire from an Italian sniper, and unhorses the emperor to make him less of a target. Though this assaults the emperor’s dignity, as a reward for saving his life, the grateful Franz Joseph promotes and ennobles this Lieutenant Trotta. As the Trotta family rises within Austrian society, the empire decays from within and external events further contribute to its downfall, and that of the Trottas with it. After Hitler

came to power, Roth's 1938 sequel, *The Emperor's Tomb*, had to be published in the Netherlands, and detailed the Trotta family's interwar history.

Dekker also discusses Karl Kraus's (1874-1936) satirical 1919 play about the First World War, *The Last Days of Mankind* (*Die letzten Tage der Menschheit*). This play is widely considered Kraus's masterpiece, and juxtaposes contemporary documents with allegorical fantasy and a dialectical commentary provided by two archetypes, the Grumbler and the Optimist. Kraus's own political views evolved from an unorthodox monarchism at the war's outset to an even more iconoclastic republicanism by its end. Because no character in *The Last Days of Mankind* holds to any consistent world-view, the play accurately mirrors the schizophrenic intellectual atmosphere of the times.

Dekker suggests that the Austrian school's embrace of therapeutic nihilism, eschewing attempts at policy formulation (footnote on p. 127), can justify economics' characterization as the dismal science. However, in this one trivial detail, Dekker overlooks the history and origin of this expression. Historian Thomas Carlyle (1795-1881) had disparaged economics as "the dismal science" in an infamous and inflammatory 1849 article, "Occasional Discourse on the Negro Question," where he proposed preserving slavery as a productivity measure (Persky 1990: 167-169)—his argument is literally that shiftless workers should be coerced for their own good. Carlyle proposed that the purportedly "idle Black man in the West Indies" be "compelled to work as he was fit, and to do the Maker's will who had constructed him," naturally under the direction of dutiful white overseers. Contemporary intellectuals would merely reverse the race component, which might constitute progress of a sort, but retain the coercive imposition of their own unworkable schemes.

Since economic theory refuted his thesis, Carlyle resorted to name-calling, and his proposal was no less ignoble than slavery. Sadly, Carlyle's moral imbecility remains emblematic of the arguments typically deployed by socialist politicians and intellectuals—arguments which may lurk beneath a public-spirited veneer, but which betray a failure to comprehend the simplest economic principles. It is a limitation of democratic society that policy debate rarely rises above the level of basic economic fallacies.

VII. THE STUDENT AS DEFENDER OF CIVILIZATION

Dekker next cites Thomas Mann's (1875-1955) 1924 novel *The Magic Mountain* (*Der Zauberberg*), one of the greatest works of 20th century literature. It is erudite, subtle, and ambitious, but also revels in ambiguity by mixing realism with mystic symbolism. Many characters, patients in a tuberculosis sanatorium, are ideological symbols, representing conflicting intellectual currents in interwar continental society. Two fight a particularly senseless duel, with tragic consequences for both, as the anarchist Naptha commits preemptive suicide, upstaging the enlightenment liberal Settembrini. As the winner, Settembrini survives unharmed, but goes into a decline precipitated by his guilt over his opponent's meaningless sacrifice.

No patient recovers in this sanatorium—at best medical treatment only postpones their demise. The protagonist-narrator Hans Castorp is more a cypher-observer than an actual participant, and his physician is less interested in his patients than in their diseases—perhaps Mann was not a proponent of therapeutic nihilism. One character is involved in an international organization devoted to an ambitious intellectual project suggestive of the Vienna circle's *International Encyclopedia of Unified Science* (1938-1969). Bizarre symbolic undertones are particularly present in a dream sequence describing the ritual sacrifice of an infant by a coven of withered crones—a hopeful future consumed by a backward-looking and unsustainable tradition. If the course of civilization can be directed against itself, only disaster can follow, and the future will be lost.

Dekker provides an especially engrossing discussion of Hermann Broch's (1886-1951) novel *The Death of Virgil*, which finds the poet on his deathbed agonizing over the underlying truth of his epic *Aeneid*, a romanticized account of the founding of Rome by refugees from the destruction of Troy. Virgil's propagandistic narrative parallels the official history of Lieutenant Trotta's heroism in *Radetzky March*, which the newly-ennobled Baron Trotta knows to be exaggerated, but is preserved by imperial edict because it enhances the sovereign's prestige. Similarly, the *Aeneid* glorifies Augustus and imperial rule.

Trotta and Virgil both know the truth, and know it is far less flattering than the appealing official falsehoods. They value truth and feel the only enduring and viable order must be freely accepted by individuals who are permitted to search out the truth for themselves, rather be force-fed

conformist platitudes. At the point of death, Virgil sees the destruction of Rome's republican institutions as analogous to the destruction of Troy he had chronicled.

As the poet laureate of the new order, Virgil feels implicated in the loss of Rome's democratic institutions and ethos, however imperfect they may have been, they were emergent institutions, and regrets his glorification of the dictatorship which supplants them. His propagandizing for the imperial regime has contributed to its popularity. Augustus prohibits destruction of Virgil's manuscript because the emperor foresees centuries of schoolchildren learning Latin with this work glorifying his rule, a prospect Virgil finds horrifying. Interestingly, *The Death of Virgil* is a work of historical fiction, and it is the only literary or cultural work Dekker uses which is neither satirical nor surrealist.

VIII. THE STUDENT OF CIVILIZATION AND HIS CULTURE

The hubris of the age of reason, extending to the belief that social organization could be scientifically planned and directed—which was the promise of Marxism—led inevitably to the nemesis of social planning, along with its overreach and abject failure wherever it was attempted. Unity of science (erkenntnis), promoted by the Vienna circle, strongly suggested that economic regulation could be scientifically designed to bring about any desired outcomes, without reference to the fact that not all outcomes are equally preferred by all members of society, nor are all outcomes equally attainable, however desirable they might be.

Proponents of public policy often fixate on proposals designed to effect the outcomes they think best, in strict preference to indeterminate market outcomes which allow individual agents to choose outcomes for themselves. Only the second alternative can be welfare maximizing. In the postwar era, Mises and Hayek recognized that the main task facing civilization would be an intellectual reconstruction, which would arrive at an enhanced and lasting liberal order. It remains to be seen, how well this reconstruction has succeeded.

Hayek alternatively adopted agnostic descriptive analysis along with institutional policy prescriptions in his analysis of design orders. An economics analyzing alternative institutional arrangements, informed by the study of historical institutions, will not only be more interesting but more persuasive, than a purely theoretical economics. Postwar Austrian economics generally retained the skeptical humility it had always had, but increasingly embraced a goal of

reconstruction—primarily intellectual, but sometimes institutional.

IX. MEANING LOST, MEANING FOUND

Dekker's chapter 9 documents the Austrian school's diaspora to North America. Curiously, although the social sciences in the U.S. and Canada were similarly in thrall of a postwar scientific movement toward formalism—characterized by so-called “physics envy,” which Hayek and Mises opposed—in North America this was arrested by a cold-war countermovement against socialism and central planning. Intellectual currents agitating for the scientific planning of scholarly research, which had made significant headway in the Soviet Union and even in the United Kingdom, had little traction in America. Postwar economics was characterized by progressively mathematical formalism, as well as Keynesian stabilization policy in macroeconomics, but in the United States, where the government provided the most research funding, there was little movement toward centrally-planned scientific research.

Increasingly, the positive economists of the Austrian school discovered more normative modes of expression and advocacy. Institutions such as the Mont Pèlerin Society were founded to advocate for positive measures to preserve civil society and civilization. It was eventually recognized that this entailed less the positive advocacy of better policy measures—meaning less-intrusive measures—but more the creation of an intellectual climate where ideas amenable to liberty, liberalism, and private property could better flourish.

Austrian economists continued to participate in mainstream debates, though after World War II, they were generally marginalized as being heterodox, outside the mainstream, and limited in numbers, and so representing a minority view. Postwar mainstream economics enshrined policy-makers, who—it was believed—could prevent recessions and deliver a high and sustained level of economic growth—potentially even challenging that of the Soviet Union! Recall that until the 1980s, it was widely believed that scientific planning in the USSR allowed significantly better economic performance than could be possible under the wasteful competition of capitalism. It is hardly surprising that in this intellectual environment, Austrians might have moved toward policy analysis.

X. WHAT IT MEANS TO BE A STUDENT OF CIVILIZATION

Finally, Dekker presents economists in the role of agents of civilization. Only economists who embrace the limits of knowledge can really appreciate the deficiencies of social engineering. In Mises' words, "my theories explain the degeneration of a great civilization; they do not prevent it. I set out to be a reformer, but only became the historian of decline (1942/1978: 115)."

Dekker argues for a broader understanding of the civilization which economics purports to study and nourish. This broader and more humane economics must be founded on an accurate and sufficiently detailed description of society. Policy founded on an understanding of the nature of the society it purports to actualize, is necessarily superior to policy implementing arbitrary ideological positions. The tacit knowledge of a civilization is embedded in institutions and behavioral norms which emerge and evolve, and can only be appreciated by critical examination and analysis.

This points to a tension, both in the interplay of dialectics among different schools of thought, but also between the descriptive approach of therapeutic nihilism and the more activist approach of policy prescription, which cannot always be ceded to the social engineers. "The strait between the Scylla of hubris and the Charybdis of deference might be narrow (p. 201)." It is not enough to make correct moral choices in the face of a decaying civilization. Though that may be sufficient on an individual level, in a broader sense the Austrian school needs to provide an intellectual legacy of advancing civilized values and civil society.

CONCLUSION

The Viennese Students of Civilization contextualizes and explores the history of the early Austrian school, particularly the interwar years. Dekker's achievement in this regard enables readers to better appreciate the accomplishments of Mises, Hayek, and the Mises kreis, and Dekker's book is clearly among the best and most readable histories of the Austrian school. Though espousing therapeutic nihilism, kreis members developed a keen appreciation for the deficiencies of economic policy, both as proposed and as enacted. As the interwar inflationary policy necessitated by the reparations demanded by the Treaty of Versailles paved the way for state omnipotence, the Austrian economists—along

with Keynes—were among the few who could clearly see what lay ahead.

The Austrians' primary aim, born during the halcyon years of the nineteenth century, was to better understand and articulate the ideal of a social order worth valuing and preserving. Their activity remains all the more remarkable because they explicated a philosophy of freedom and consensual exchange while witnessing their society progressively abandoning liberal institutions. Their defense of the emergent order of civilization was and remains a legitimately progressive position, in contrast with that of the avowedly—though mistakenly—progressive socialist planners. Social movements should be judged at least as much by their practical outcomes as the goals claimed by their proponents.

From our present vantage, it is easy to romanticize the past as a golden age—we tend to wax nostalgic about arbitrary positive features and gloss over shortcomings. Though skeptical of economists' ability to deliver positive public policy, somewhat ironically, the Mises kreis were forced to focus less on pure economic theory in the face of the increasingly omnipotent state—whether socialism on the German or Russian pattern—and their focus began to include policy analysis. However, their focus also shifted even more toward basic political theory and philosophy. As our civilization faced bigger and bigger problems, the response of the Austrian School was to address the bigger questions.

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