

ON THE MORAL DIMENSION OF AUSTRIAN ECONOMICS

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Abstract

History of economic thought is marked with attempts to free the discipline from the embrace of ethics and value judgements. Notwithstanding the lip service paid by the mainstream neoclassical economists to the value freedom the study of economics is shot through implicit and explicit value judgements. Freedom of the individual is the value that is first and foremost instrumental to the functioning of the market. Its most important effect is that it creates the conditions under which information and creative powers of society are mobilized. Yet this consequentialist account of freedom although compatible with supposed value neutrality of neoclassicism is insufficient for the defence of a liberal society. The Austrian economics, especially in its Hayekian vein, teaches us that one needs a deontological account of freedom that has a deep moral dimension. Hayek reminds us that liberty is not merely one particular value but that is the source and condition of most moral values.

If we subscribe to the Hayekian thesis that social institutions as the unintended consequence of individual actions are essential to the maintenance of the social framework as a whole the perennial efforts of economists to exorcise ethics out economics seems highly questionable. The ideas individuals have about their social environment, and particularly the social norms they adhere to, play a crucial role in the emergence and stability of society. Given that Austrian economics tries to endogenize institutions, it seems to adopt a particular moral dimension, a dimension where freedom is a value per se.