

# AUSTRIAN ECONOMIC THEORY OF PRICES

**Serban George Laurențiu**

**PhD Candidate, Academy of Economic Studies Bucharest**

## ABSTRACT

From the perspective of the Austrian School of Economic Thought, economy is defined as the science of human action as displayed in circumstances of scarcity of resources. When an individual takes action, he makes choices among the different uses of available scarce resources, or chooses to abandon these resources in favor of others he considers more useful at the time. All these choices made by the individual, strongly influence his economic behavior. In this context, the decision of an individual to act in a certain manner is based on an economic calculation which has as the main variable *the price*. The price represents the exchange rapport determined by the availability of a resource related to the necessity to have this resource at a certain point in time. For this reason the price has the essential role of signaling up to what point a resource is available at a certain moment, as well as the need for that resource.

The members of the Austrian school of economic thought have very well understood the fundamental role of the price in economy and have offered a most valuable series of price theories, all of which extremely important for economics.

This paper aims to analyze the most important among these theories. Furthermore, in this scientific endeavor, I shall approach the subject of the way in which private property, market order and mechanisms of its functioning contribute to the configuration of prices, from the perspective of Austrian Economic Theory.