

BOOK REVIEWS

Bruce Caldwell and Hansjoerg Klausinger, *Hayek: A Life, 1899–1950* (Chicago: The University of Chicago Press, 2022), pp. 824, \$50 (hardcover). ISBN: 9780226816821.

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Friedrich A. Hayek belongs undoubtedly with the most intriguing figures in the history of economics. There is virtually no historian of economics who does not know that Hayek is a key member of the Austrian school of economics. Few conversations about twentieth-century history of economics do not touch upon the great debate between Hayek and his counterpart John Maynard Keynes. Hayek's ideas about knowledge keep inspiring research on the development of Austrian economics and adjacent research programs. Several questions arise in this context. For example, how did Hayek come up with his concepts and ideas? Did his personal life play a role in the formation of his research endeavors? These are questions whose answers are not only relevant for understanding how thinking about one of the most complex social philosophers and economists of the twentieth century evolved over time, but also help us to understand how scientific research is practiced, as well as how new ideas and knowledge have been generated.

These questions are at the core of *Hayek: A Life, 1899–1950*, whose authors are Bruce Caldwell, research professor of economics and director of the Center for the History of Political Economy at Duke University, and Hansjoerg Klausinger, associate professor emeritus in the Department of Economics at WU Vienna University of Economics and Business. The book contains six parts, each divided into five to six chapters whose compactness and lucidity make the book highly readable. The introduction presents the innumerable sources used, including Caldwell's conversations with Hayek's daughter Christine and other sources from the Hayek family. The first part describes Hayek as the son of a Viennese family that was well connected to leading intellectual figures in the Habsburg Empire. The reader discerns that this connectivity influenced Hayek's early intellectual development, and at the same time anticipates that Hayek had the predisposition to also become a well-connected scientist. This part also provides an excellent account of Hayek as a high-school student who was mostly bored by the gymnasium curriculum. The virtual absence of mathematics in the curriculum is interpreted by Caldwell and Klausinger as a reason for Hayek's future difficulty with and even abhorrence of mathematical economics.

In the second part of the book, Caldwell and Klausinger explore Hayek's intellectual development after the First World War and his decision to become an economist. The reader becomes acquainted with the lectures and seminars he attended at the University of Vienna, as well as the works and intellectual figures who influenced the thinking of the young scholar. The book provides new details on Hayek's early experience with American academia at the beginning of the 1920s. During his fifteen-month American sojourn, the young Austrian studied the American banking system and outlined a plan for a PhD dissertation at New York University. He also learned a great deal about

English political thinking, history, and literature so that he later proved well prepared for his future life in London.

The third part provides further details on how the young private lecturer Ludwig von Mises, a representative of the third generation of the Austrian school, influenced the direction of Hayek's early career. Hayek was convinced by Mises's argument regarding the theoretical impossibility of socialism due to its lack of rational economic calculation. He also continued Mises's research on the Wicksellian cumulative process that constituted the Austrian business cycle theory. In addition, Mises was responsible for finding Hayek a job as a director of the newly established Institute for Business Cycle Research in Vienna financed later by the Rockefeller Foundation.

The fourth part discusses the factors that played a role in Hayek's appointment at the London School of Economics. This chapter debunks the common misinterpretation that Hayek was engaged by Lionel Robbins as an ally in his dispute with Keynes. The authors stress that the conflict between Robbins and Keynes had not begun before 1931, when Robbins was invited by Keynes to the Macmillan Committee on Industry and Finance. The book elucidates new details, such as Hayek's initial difficulties with the English language and how Robbins not only supported Hayek in his research endeavors but also proofread his early writings. The book provides further information on the notorious debate between Keynes and Hayek that was also a question of temperament along with the scientific significance. One of the most interesting consequences of this debate was Hayek's fast rise and later rapid decline as a teacher, during which period significant scholars such as John R. Hicks, Nicholas Kaldor, and George L. S. Shackle left their Austrian master and "emigrated" to the Keynes camp. This part concludes that Hayek was somewhat obsessed by his work on business cycle and capital theories and was too much occupied with his *Pure Theory of Capital*, a book that, according to Caldwell and Klausinger, reached the analytical limits of contemporary economics.

The fifth part reflects upon Hayek's shift from technical economics to political economy and social philosophy. The great contribution of this section is the argument that Hayek did not abandon the main message of his technical economics regarding the information function of prices and how their disturbance can be responsible for disequilibrium processes such as business cycles. Hayek incorporated these ideas in his later research on knowledge coordination issues and the acquisition of knowledge by economic agents in the process leading toward equilibrium. In the late 1930s and early 1940s, Hayek concentrated on topical problems such as the "abuse and the decline of reason" project, the threat of economic planning for free and democratic societies, and the quest for a superior economic system. Caldwell and Klausinger skillfully reconstruct the creation of *The Road to Serfdom* and the path-breaking paper "The Use of Knowledge of Society." The authors characterize as irony that this essay, which had a far-reaching effect on the economic community, took Hayek only five or six months to write, whereas *The Pure Theory of Capital*, a book that failed to achieve its intended effect, cost Hayek nearly a decade. The authors could have accentuated that the arguments outlined in "The Use of Knowledge of Society" actually represent a summary of the ideas that Hayek had already developed in the book.

The sixth part focuses on Hayek's organizational skills, which he devoted to the foundation of the Mont Pèlerin Society. The Austrian successfully attracted sponsors and conducted the highly delicate task of maintaining a balance between participants known for their strong personalities and firmly held beliefs, such as Mises and Frank H. Knight, when he organized the first meeting of the Society in 1947. The book ends

with Hayek's *annus horribilis*, during which he struggled to seek a divorce from his first wife, Hella, in order to marry "the great love of his youth" Lenerl. One of the most dramatic moments in the book is Hayek's irreparable break of his friendship and scientific alliance with Robbins, who was so upset by Hayek's disrespectful behavior to Hella that he conceded, "[S]o far as I am concerned, the man I knew is dead." The reader who easily recognizes Robbins's instrumental role in Hayek's acclimation to the London School of Economics, as well as in the British academic and intellectual environment, will realize that Robbins's breaking with Hayek symbolized the end of his London period and the beginning of a new Chicago era. There could be no better end of the first volume of this biography.

Caldwell and Klausinger have created an authoritative and superbly researched biography about one of the greatest intellectuals of the twentieth century. This review raises the critical point about contextualizing Hayek's research on technical economics in his biography. The authors could have emphasized that Hayek carefully studied the works of past thinkers, especially of the eighteenth and nineteenth centuries, in order to work out his economic arguments. By demonstrating the linkage between Hayek's ideas and the works of these earlier thinkers, Caldwell and Klausinger could also have stressed even more the relevance of history of economics for conducting research in modern economics. This critical point, however, should not overshadow that this publication will remain the standard reference work for generations of historians of economics. It is hard to imagine that research can be conducted on Hayek's intellectual formation and legacy without consulting this biography. Based on tireless archival work, the authors have painstakingly assembled innumerable existing details regarding Hayek's life and scientific work from an astonishing array of sources in order to create a coherent picture of one of the most complex and intriguing social scientists. This makes the book a thoughtful work and one of the finest biographies of economists. The second volume will be co-authored by the Bulgarian-born historian of economics Stefan Kolev, who has distinguished himself with his thesis of considering Hayek as an ordoliberal economist.

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COMPETING INTERESTS

The author declares no competing interests exist.

Marco P. Vianna Franco and Antoine Missemer, *A History of Ecological Economic Thought* (Oxfordshire: Routledge, 2022), pp. 200, 120£ (hardcover). ISBN: 9780367363925.

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Marco P. Vianna Franco and Antoine Missemer's book is a welcome addition to the growing literature on the history of environmental or ecological economic thought. This socially relevant literature in the history of thought includes Erhun Kula's (1998) *History*