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REVIEW OF *CULTURAL CONSIDERATIONS WITHIN AUSTRIAN ECONOMICS*, BY VIRGIL H. STORR AND ARIELLE JOHN, CAMBRIDGE: CAMBRIDGE UNIVERSITY PRESS, 2020

Jacopo Marchetti *

As the book's back cover states, economists are increasingly realizing that a deeper understanding of culture can improve their insights into the most important questions in economics. Indeed, as Virgil H. Storr and Arielle John report in the opening section (and also remark later on), for most economists culture is a vague and mushy word and a nebulous concept. This short but packed work persuasively demonstrates how the legacy of the Austrian Economics tradition – which also includes its contemporary interpreters, among whom the authors themselves could be numbered – has been successful in explaining the role of culture in shaping economic actions and outcomes.

Storr and John offer a brief survey of the intellectual roots of the Austrian approach to culture. The whole central section of the book draws on Mises's and Hayek's writings on the method of the social sciences, showing that it is because of their emphasis on subjectivism that they were able to include culture within the economics framework at a time when economists were beginning to be chiefly interested in quantitative and mathematical approaches. Bucking the mainstream economics of their time, the Austrians, and especially Hayek, suggested that knowledge of the social world is not static, but rather something dynamic, and that it arises from the way the mind gives meaning to social phenomena by complying with ontogenetic features (imperfect beliefs and mental models) and the phylogenetic quality of classification processes. But because "we do not have God-like access" to the meanings that subjectivists attribute to the world – here Storr and John are using the words of one of Hayek's main points of reference, Alfred Schütz – the task of the social scientist

* Università di Firenze. Address for correspondence: jacopo.marchetti@unifi.it.

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is to "grasp why things mean what they mean to people" (p. 27). It goes without saying that culture is among the concauses of the attribution of human meanings.

This is why the authors support the two theses presented in the second and the fourth sections of the book.

The first thesis consists of an original dissertation that compares Austrian subjectivism with the individualistic method of Max Weber and the hermeneutical approach of Don Lavoie. Lavoie's work has been unfairly neglected by Austrian scholars, although Storr has already pointed out the genuineness of his Austrian-inspired approach in a previous paper. As a pupil of Israel Kirzner, Lavoie criticizes his mentor's theory of entrepreneurship, which he accuses of not giving sufficient weight to the process of interpreting market opportunities (which, in truth, is built on a subjective discovery process, but is not sufficiently grounded in the actors' culture). But his complaint is primarily leveled against the objective position of scientific explanation, which claims to make predictions, but not interpretations. He argues that social facts have an interpretative requirement, i.e., they cannot be detached from subjective, human, interpretation, through the historical narrative and the qualitative approach, which can inquire into the specific concrete circumstances under investigation with a cultural lens. He calls this method hermeneutics: a science of explaining meaning that, even though it does not fully coincide with the best-known continental philosophical tradition, harks back to Hans-Georg Gadamer in some measure (incidentally, a comparison of the Austrian method of the social sciences and Gadamer's hermeneutics has already been offered by David Gordon, Gary B. Madison and more recently by Francesco Di Iorio).

The second line of argument is primarily a defense of the Austrian approach to culture in the light of various other non-Austrian approaches taken in the last few years, which have explored the relationship between institutions, culture and economic performance. This point deserves attention, as a very great deal of literature about the relevance of culture has been created following a renewed interest in an institutional economic approach within Political Economics. With few exceptions (e.g., the thorough and detailed works of Jeffrey Hodgson), scholars have often neglected to explain how Old and New Institutional Economics differ from the Austrian approach concerning the shared use of cultural and evolutionary concepts.

Let us consider the works of Nobel Prize winners Douglass North, Elinor Ostrom, Oliver Williamson and Ronald Coase. Though Storr and John do not mention them directly, the third section discusses some works which implement these scholars' approach to quantitative institutional economics (suffice it to remember the contributions by Greif, Aoki, Tabellini, Gorodnichenko and Roland, Guiso, Sapienza and Zingales).

The novelty introduced by the institutional approach consists of attributing the success or failure of the national economy – or rather, the growth of economic performance – to the interaction between actors' behavior and cultural models which underlie formal and informal political constraints instead of the policymakers' leadership ability. But, as Storr and John observe, they do so by making instrumental and artificial use of culture. As the authors remind us – and they remind us over and over again – their error is to look at culture as a toolbox, rather than considering it as the lens through which they interpret and make sense of their actions, opportunities and environment. More to the point, they reproach institutional economics for its vague and ambiguous use of culture. On the one hand, it is reduced and embedded in informal institutions (e.g., norms, beliefs and attitudes). On the other hand, it is seen as something homogeneous and static, which can be applied to the fulfillment of people's goals related to economic production so that those in possession of the "right" tools can outperform groups equipped with the wrong ones; so that governments that have better versions of the tool can be more productive than those who possess inferior versions, and so on.

By constrast, Storr and John seek to show the reader that the Austrians build their approach on a specific definition of culture that can be traced back to the anthropological and ethnomethodological dimension of Clifford Geertz (whose name appears on several occasions in the footnotes to Hayek's *Law, Legislation and Liberty*). They further argue that that approach is not reducible to norms, beliefs and attitudes but, conversely, is understood as a lens through which people make sense of their actions, interpret their opportunities and, ultimately, process the world. This consideration is followed by a rich survey of the current state of the art concerning the understanding of culture in the contemporary Austrian School tradition. Plentiful examples are provided of cultural economics as "a qualitative exercise", with a detailed description of contexts and specific situations reported by Chamlee-Wright, Boettke, Grube and Storr himself, such as land tenure in South Africa, the Gumbi community, post-Post-Wall Germany and the aftermath of Hurricane Katrina as described in interviews with the local community.

The authors' standpoint is valid, or rather extremely justifiable, as they grasp the point. Undoubtedly, the fallacies entailed by the institutional approach include its disregard of the realistic dimension of culture (so many definitions have been provided that they can be put together like a jigsaw puzzle!), as well as widespread obscurity about what institutions really are, especially in the case of largely spontaneous informal rules, which merge into culture and manifest themselves in broader aspects of social life characterized by durable social constraints, such as habits, rules of ethics and cultural heritage. Defining institutions and separating them from culture turns out to be a difficult task.

As Storr and John note, the defense of the Austrian non-deterministic use of culture sheds light on a relevant aspect: it can explain why some institutions "stick" and others do not in different contexts, and this is really "the unique contribution of Austrian economics to cultural understanding" (p. 44). In other words, institutions are less readily expendable.

Rational Institutionalism failed to provide explanations. Williamson's work is a case in point. For him, institutions are merely a variable of economic processes, like a capital stock; they can adapt themselves, without cost, to the culture and rules of productive life for strategic purposes; hence, institutional performance can be achieved by improving rules in the "right way". Basically, institutional economics sees the relationship between actors and culture as something driven by incentives, i.e., how actors respond to different incentive systems generated by institutions. However, the belief that institutions which proved to be successful in a given context can be simply "exported" to another one is dangerously misleading.

Moreover, the book does not clarify how a cultural approach can go beyond the simple definition. In passionate pages, Storr and John describe Austrian economics as a science of meaning. Indeed, the book deals at length with the hermeneutical implications of the Austrian method of the social sciences, so much so that it loses sight of the innovative aspects of their evolutionary social theory, especially Hayek's cultural evolution explanation (as a matter of fact Mises and the other Austrians never seriously debated culture), built on Group Selection Theory and its contemporary applications in the fields of evolutionary biology (Richard Boyd, Peter J. Richerson, David Sloan Wilson, Elliott Sober) and evolutionary institutionalism (Orion Lewis, Sven Steinmo). Storr and John have written extensively on these topics, and omissions are perhaps due to the book's target, as it is also intended to appeal to a non-specialist audience.

Although Hayek's evolutionary theory has been fully explored only in recent times, his work joins the co-evolution of culture and mind with the unintended consequences of social actions in the extended moral order and, as Vernon Smith pointed out, give birth to an "ecological order" that should be understood as complementary to constructivist rationality. Hayek suggests two important things. First, culture can be a process that allows the preservation of the outcomes of individual learning and social transmission mechanisms with a certain grade of imperfection (unlike genes, culture has imperfect replicators), not in genotypes, but in minds. Second, selection of the rules is driven by a process in which emerging macro-systemic effects lend an evolutionary advantage to some human groups and allow us to explain why specific rules have successfully survived over time. Despite the fact that the human being is endowed with intentions, each agent, individually, does not have an awareness of the advantages deriving from the type of rules he is adopting.

Hayek's insistence on the passage from the morality of tribal society to the emergence of an impersonal order allowed him both to explain a crucial step in human evolution – which is not negligible, as it has radically changed societies – and to remark that morality is itself a consequence of a non-predestined evolution. On the contrary, if we seek to understand the process of evolution as an exercise in economic actors' intentionality, such as deliberative change and reform, there is no better case in all of history than the rise and fall of the Soviet Union, as observed by North, who offers an explanation of rare brilliance about the decline of Socialism.

On the whole, both the line of argument and the purpose of the book are clear and it may be helpful for the reader who is not familiar with the Austrian viewpoint. The authors' ultimate goal coincides with the purpose that animated North's last book, *Understanding the process of economic change*, which, to fill the gap in the rational institutional approach, aims to build a connection between the cultural and cognitive underpinnings which drive economic forces of change. North's cognitive tradition does not have sufficient appeal among scholars, nor has it generated sufficient studies in the last few years. But on finding himself explaining why cultural evolution has not succeeded in eradicating less efficient institutions and in rewarding those more capable of generating wealth, he became aware that evolution follows an incremental process that is unavoidably influenced by the culture-mind binomial.