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# The Foundations of Modern Austrian Economics

*Edited with an Introduction by*  
*Edwin G. Dolan*

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## PREFACE

In June 1974 the Institute for Humane Studies sponsored the first of a series of conferences on Austrian economics. This conference was held at Royalton College in South Royalton, Vermont, and attracted some fifty participants from all regions of the United States and three continents abroad. The conferees came to hear Israel M. Kirzner, Ludwig M. Lachmann, and Murray N. Rothbard survey the fundamentals of modern Austrian economics and thereby challenge the Keynesian-neoclassical orthodoxy, which has dominated economic science since World War II.

Each lecturer addressed himself to two general questions: What is the distinctive Austrian contribution to economic theory? And what are the important problems and new directions for Austrian economics today? By answering these questions, the papers collected in this volume become more than just a set of conference proceedings—they take on the character of a manifesto and provisional textbook as well.

The enthusiastic response to the South Royalton conference suggests that the century-old Austrian tradition is now entering a new era of increasing influence. Both the Austrian school and its orthodox competitor trace their origins to the restructuring of economic science that took place in the 1870s. The marginalist revolution of that period, which marked the breakdown of the classical economics established by Adam Smith, David Ricardo, and John Stuart Mill, was followed by the appearance of a number of new schools of economics in England and on the Continent. The greatest of the English economists of this period was Alfred Marshall. The so-called neoclassical school of Marshall and his followers soon became the new orthodoxy. In the process it absorbed the contributions of two other major schools that had arisen independently—one associated with William