

## The Political Economy of Peter Boettke

**Peter T. Leeson\***

George Mason University

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### Abstract

This paper briefly describes the unique political economy agenda of Peter Boettke and highlights his remarkable inspiration of students. I argue that these contributions are not separate or individualized phenomena. They are inseparable and intimately connected. The central features of Boettke's political economy at once establish the analytical apparatus for generating insights into social phenomena of importance to a variety of social science disciplines and, together with Boettke's special personal characteristics, provide the levers to enable graduate students with diverse interests and strengths to make contributions in the political economy program that Boettke lays out.

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### I. Introduction

This year marks the 50<sup>th</sup> anniversary of one of the most important books in classical liberal political economy: F.A. Hayek's *Constitution of Liberty* (1960). It also marks the 50<sup>th</sup> anniversary of one of the most important contemporary scholars in classical liberal political economy: Peter J. Boettke. The coincidence (?) of these half-century landmarks provides occasion to note the contributions of both giants of classical liberal political economy and to highlight the important connections between them.

My purpose is not to reiterate Hayek's research program. Many others have done that. My purpose is twofold: to describe, in brief, the unique political economy agenda of Peter Boettke and to highlight Boettke's other area of remarkable contribution – his inspiration of students. I argue that these contributions are not separate or individualized phenomena. They are inseparable and intimately connected. The central features of Boettke's political

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\* I thank Chris Coyne and Ed Stringham for helpful comments and suggestions and Peter Boettke for making me an economist.

economy at once establish the analytical apparatus for generating insights into social phenomena of importance to a variety of social science disciplines and, together with Boettke's special personal characteristics, provide the levers to enable graduate students with diverse interests and strengths to make contributions in the political economy program that Boettke lays out.<sup>1</sup>

The result of Boettke's dual contributions is an ever-growing group of scholars who are adding to our understanding of the "world outside the window" in a variety of disciplines. It is this overlooked connection between F.A. Hayek, whose research program facilitated contribution to knowledge in the disciplines of economics, political science, philosophy, history, and even neuroscience, and Peter Boettke, whose research program has facilitated contributions to an equally impressive variety of disciplines, that forms the most important and, as time no doubt will tell, longest-lasting bond between these two inspiring figures of classical liberal political economy.

## II. Venn Diagrams, Mimes, and Price Theory

Boettke runs a workshop at George Mason University called the Philosophy, Politics, and Economics Workshop. As the workshop's name suggests, the papers presented there are interdisciplinary in nature. The "logo" for this workshop is the same one that graces the cover of the *New Thinking in Political Economy* book series that Boettke edits for Edward Elgar. That logo is a Venn diagram depicting the intersection of three circles – one representing philosophy, another politics, and the third economics.

Pete is exceptionally pleased with this image, and rightfully so. It illustrates a core component of his research program: the idea that the "interesting action" in the social sciences is located where philosophy, politics, economics, and one might also add history, law, and sociology, overlap. There is one crucially important feature missing from this diagram that must be included to capture Pete's political economy agenda, however. A supply and demand curve should be superimposed over the lens that where the "subject circles" intersect. Let me explain.

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<sup>1</sup> To get an idea of the important insights that Boettke's political economy program has generated, see, for instance, Boettke (1990, 1993, 2001, 2003), Boettke and Coyne (2005, 2007, 2009), and Boettke and Aligica (2009).

As for Hayek, at the core of Professor Boettke's approach to political economy is an emphasis on how social institutions do or do not facilitate the coordination of human decision making and thus permit or retard societal advance. According to that approach, to understand these institutions, political economists must look to subject matter typically explored outside the bounds of economics proper. It is here where the political economist searches for, learns about, and "collects" the raw material needed to understand the institutional detail that makes real-world political economies tick.

But as Boettke often emphasizes, collecting and describing the raw material from these other disciplines is only the first step in the political economist's process. If this step is among the first he takes, the next step is the most important. The political economist must deploy what Hayek called the "pure logic of choice," or what, using modern parlance, Boettke calls price theory, to interrogate, interpret, analyze, and understand the institutional and historical detail that extra-economic subject matter confronts him with.<sup>2</sup> Price theory is king in Boettke's approach to political economy. It is the "analytical lens," as he often refers to it, through which political economists, and all others who seek a deep understanding of social phenomena, understand the world.

To bring this idea to life for his students Boettke goes to great lengths. Frequently he mimes putting on a pair of eyeglasses (or removes his own for the purposes of his demonstration) – his price theory goggles – which, once affixed to his face, allow him to see what is of political-economic interest. Boettke is a good mime. To my knowledge only one of his students has interpreted his expression literally – as an instruction that she should pursue economics in the style of a circus clown.<sup>3</sup> Everyone else – from principles 101 students to advanced graduate students who have lapsed into the error of merely describing instead of economically analyzing – has understood

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<sup>2</sup> In fact these are not two separate steps ordered as I have ordered them here. Rather, there is a "tacking back and forth," as Boettke often puts it, between the "raw material" and the economics. Indeed the identification and collection of the raw material itself requires an analytical lens going in. That lens, in Boettke's framework, is provided by economics.

<sup>3</sup> I should point out that this student insisted on circus-esque thinking and behavior despite Boettke's repeated admonitions, restatements of what he actually meant, and tireless efforts to bring sanity to the table. This process was highly entertaining to those who observed it, and good times were had by all.

the point that Boettke is driving at. The miming is entertaining. But the point Boettke is making is a serious one – one that explains why I say his much-beloved Venn diagram requires modification to fully capture what his research program is fundamentally about.

The centrality of price theory to Boettke’s political economy should not be taken to mean that he is preoccupied with, or even primarily concerned with, how the perfectly informed, perfectly calculating, robot-like automatons that populate some economic models behave and interact. Far from it. Taking a cue from Hayek, Boettke’s political economy is concerned with how genuine humans, in their imperfect glory, are driven by and give rise to relative price movements in the particular historical and institutional contexts in which they operate as they strive to improve their own situations. Boettke’s approach rejects “man as machine,” as he calls it, and replaces him with “man as man” in political-economic analysis.<sup>4</sup>

To deploy his approach to political economy Boettke pursues and encourages others to pursue a particular methodological approach: the analytic narrative.<sup>5</sup> Building on the narrative form of political economy of scholars such as Hayek, Boettke elaborates and articulates a method for his research program. In Boettke’s method price theory provides the analytics. Narratives are used to contextualize the price theory – to explore and explain the relevant institutional and historical detail. The narrative style is important not only because it permits the political economist to access the “messy” particulars of specific historical and institutional contexts but also because the “fully human” agent who is the central actor in Boettke’s political-economic approach is a complex, often contradictory, and formally intractable character.

Boettke’s political-economic man is as much acting in his environment as his environment and its other actors are acting on

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<sup>4</sup> For a discussion of “man as machine” and the problems it has sometimes created for 20<sup>th</sup>-century economics, see Boettke, Coyne, and Leeson (2003).

<sup>5</sup> Although Boettke’s methodological approach bears the same name as that discussed by Bates et al. (1998) and shares many important similarities, it also departs from the analytic narrative method described and deployed by some others. In particular, in Boettke’s hands, the analytic narrative approach is not a supplementary tool to doing formal game theory. It is the method by which the analytics of economics are brought to bear on comparative-historical-institutional problems when many of the assumptions of formal game-theoretic analyses are absent.

him. He is a social product in search of “coping mechanisms,” as Boettke often puts it, to help him pursue his goals. The institutions he operates in and to which his behaviors help give rise either promote or hinder his ability to do so as part of a continual process of social change. Thus in Boettke we find a special focus on “mechanisms” – the channels by which the logic of price theory unfolds to shape the particular social phenomena under consideration in the historical circumstances that real-world individuals create and confront.<sup>6</sup>

### III. “Look Out the Window”

Because Peter Boettke’s political economy allows, and in fact demands, an investigation of “raw material” provided by extra-economic disciplines and provides an analytical key (price theory) for unlocking the mysteries that this raw material provides, it is at once both unconstrained and circumscribed, radically freewheeling and firmly anchored. Boettke’s political economy program is unconstrained and freewheeling in that it encourages and facilitates an examination of an endlessly diverse and wide-ranging variety of social phenomena. It is circumscribed and firmly anchored in that it puts “parameters on people’s utopias,” as Boettke often puts it. It prevents intellectual flights into fancy.

The unconstrained aspect of Boettke’s political economy program derives from the fact that it permits entry into and encompasses nearly every social phenomenon. The anchored aspect of his program derives from its insistence on price theory as the unifying analytical apparatus of social inquiry. This prevents both “descriptive flights” into fancy wherein detail is plentiful but analytics are lacking, and “analytical flights” into fancy, wherein analytics are prominent but remain unconnected to social reality – to real-world man and the real-world institutional context he finds himself acting

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<sup>6</sup> Boettke-ian political economy, which focuses on exchange and the institutions within which that exchange takes place, sees the logic choice as the unifying analytical tool for investigations of social phenomena, and insists on analyzing “real-world” man who is both imperfectly motivated and imperfectly informed, is building upon the traditions of Ludwig von Mises (1949), F.A. Hayek, as already alluded to, Ronald Coase, and James Buchanan and Gordon Tullock (1962). The Boettke political economy program both synthesizes and builds upon the political economy approaches laid out by these figures who, I would argue, have most strongly influenced his thinking.

in. To use a word that Boettke is fond of using in connection with Hayek's political economy, Boettke's own political economy program is "pregnant." To borrow another phrase from Boettke, it allows and invites students of society to seek out, understand, and explain why and how "history defies what logic seemingly dictates."

The pregnancy of Boettke's political economy program and the allure of this program's invitation explain the astounding attraction he has to students and illuminates his remarkable effect on the research of so many George Mason graduate students. Boettke's students have often heard him urge them to "look out the window" when seeking to understand and solve political-economic problems. In urging students to do this Boettke is drawing attention to the fact that political-economic puzzles are all around us: they are in political science, philosophy, law, history, sociology, and, most important, in the everyday social interactions we take part in and observe.

Solutions to these puzzles are also outside our windows. Human actors are constantly finding resolutions to the political-economic problems they confront as they seek to overcome obstacles that stand in the way of their ability to realize the benefits of social cooperation. The political economist's job is to identify these solutions, understand how they work, and explicate their operation.

The devices that real-world actors deploy, and the institutions they develop, to cope with the obstacles they confront are the "mechanisms" that Boettke's research program highlights, which I alluded to above. When one looks out the window, Boettke points out, he finds two kinds of puzzles. On the one hand, what looks like a social problem on the blackboard may cease to be a problem – or at least the same kind of problem – in the real world. Ronald Coase's (1974) demonstration of the economic equivalent of unicorns – privately provided lighthouses despite the public goods problem that analytically precludes their existence – is one example of this. On the other hand, what appears as though it is not a social problem sometimes turns out to be a problem of critical importance – one that actors have solved. This can be dangerous because such solutions may be taken for granted, creating the false impression that they are inevitable and that political actors can intervene into affairs without destroying them. The market – a spontaneously produced social order, but one that functions effectively only under certain institutional conditions – is an example of this. Hayek (1948), for instance, highlighted how markets' spontaneous origin has led many

to ignore the remarkable social problem they solve without command and to wrongly treat their ability to solve that problem as immune to any outside intervention.

Following Boettke's example and instruction, a growing number of graduate students are "looking out their windows" and using Boettke's analytic narrative method to build on the political economy research program he lays out. The variety of windows is great in these students' work, as it is in Boettke's own.<sup>7</sup> All of this research involves the deployment of the logic of choice at the point of intersection of two or more disciplines. Collectively Boettke's students have applied his political-economy research agenda to questions in philosophy, history, political science, sociology, and the law. Not coincidentally many of these investigations consider the same subject matter that Boettke has used his unique brand of political economy to explore in his own impressive body of work.

The proliferation of Boettke's students' work within the research agenda he lays out would be impossible without another ingredient that Boettke provides. That ingredient is intellectual "coaching" of the most impressive degree. Pete is a natural-born mentor. He is unfailingly generous with his time, ideas, and willingness to help hopeful political economists in the classical liberal tradition become precisely that. The contributors to this symposium are a testament to this fact.

My own case is instructive. When you are a graduate student in his first year no one really pays attention to you. There is a good reason for this: you may not be around the next year. Fortunately for me, Boettke has a different approach to students. He showed an interest in helping me become the economist I wanted to be from my first day at George Mason (and in fact before that). There was no reason for him to do so apart from kindness, an intense desire to "show the light" of the economic way of thinking to others, and a passion for teaching them how to contribute to our understanding of the world. Within weeks of when I started the program, Boettke was regularly engaging me in discussions about economics and pushing me to think as an economist should. More incredible still, Boettke treated me as an equal. I would like to think that this was unique to me. But I know it was not. Boettke treats every graduate student who

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<sup>7</sup> See Boettke's work cited in an earlier footnote. See also the work of the contributors to this symposium.

shows an interest in learning to become a political economist this way.

Like many before me, and many after, Boettke invited me to work with him on papers for publication. I was surely negative value added on our first papers together. But he did not seem to care. It is a good thing, too. The Boettke-ian political economy program described above is a challenging and demanding one. Without Boettke's coaching, mentoring, and occasional, or in my case frequent, berating, I would not have been able write anything at all. Boettke managed to make me feel like I was contributing to our joint projects when in reality I was only slowing him down.<sup>8</sup> This feeling was crucial in motivating me to continue to research. Unlike anyone else, Boettke has a way of teaching you and correcting your many errors, while still providing the crucial support that many aspiring scholars need to have the confidence to keep at it, find their own way, and eventually strike out on their own. Boettke's program in political economy provides the research map for doing that. Pete, the person, provides the indispensable coaching on this journey.

#### **IV. Concluding Remarks**

I began this paper with the observation that this year marks the 50<sup>th</sup> anniversary of Hayek's *Constitution of Liberty* and the 50<sup>th</sup> anniversary of Peter J. Boettke. I conclude with a prediction that ties this observation and my foregoing remarks together:

As a 20-something year-old graduate student, Boettke threw his copy of the *Constitution of Liberty* against the wall in anger when he reached part three of the book, in which Hayek granted ground to government intervention. For the reasons outlined above, I believe the research program Boettke has created, continues to push forward, and has passed on to others is one that will have equally lasting importance. My prediction, then, is this: 50 years from now students of political economy will still be reading Boettke's books...and throwing them against the wall.

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<sup>8</sup> By my count, I have coauthored close to 30 papers with Boettke (many of them also coauthored with Chris Coyne). We wrote about half of these papers while I was still a graduate student.



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