

EQUILIBRIUM VISIONS

Abstract

The central question addressed by this essay is: What is the role of the equilibrium construct in understanding economic change? Or, restated somewhat paradoxically: How can we understand movement by positing the absence of movement? This question is answered by surveying, contrasting and critically evaluating the views of Ludwig von Mises, Friedrich Hayek, and Ludwig Lachmann on the uses of equilibrium theory in a system of economic processes. The importance of this goes beyond understanding the Austrian School. These ideas have applicability in many other traditions of economic thought, including Evolutionary Economics, Institutionalism, Post Keynesianism, and Schumpeterianism, to mention only some.

Key words:

Equilibrium and change; expectations; Austrian School

JEL classifications:

B21; B41.