
Steven G. Horwitz

A Tribute

CECIL E. BOHANON AND TODD M. NESBIT

In June 2021, classical liberal economics lost one of its most able and prolific voices. Scholar, teacher, and public communicator Steven G. Horwitz died of multiple myeloma at the far too young age of fifty-seven. A native of the Detroit area, he graduated from the University of Michigan in 1985 with an AB in economics and philosophy. He continued his studies at George Mason University, where he earned a MA in 1987 and a Ph.D. in economics in 1990.

Steve joined the economics faculty at St. Lawrence University in Canton, New York, in 1989. He rose through the ranks to professor and retired in 2017 as the Dana Professor of Economics. During his time at SLU, he served as associate dean of the first-year experience from 2001 to 2007. In 2017, he was appointed Distinguished Professor of Free Enterprise in the Department of Economics and founding director of the Institute for the Study of Political Economy (ISPE) in the Miller College of Business at Ball State University in Muncie, Indiana.

In addition to his university affiliations, Steve served as an editor, writer, and conference discussion leader for numerous free-market organizations, including the Cato Institute, the Fraser Institute, the Institute for Humane Studies, the Mercatus Center, the Indiana Humanities Council, and the Future of Freedom Foundation. This list is not exhaustive. He also was founding editor of the website Bleeding Heart Libertarians. Upon his move to Indiana, he became unofficially a “senior visiting intern” at Liberty Fund in Indianapolis—an unofficial title that continued to evolve.

Cecil E. Bohanon is professor of economics at Ball State University. **Todd M. Nesbit** is assistant professor of economics and associate director of the Institute for the Study of Political Economy at Ball State University.

The Independent Review, v. 26, n. 3, Winter 2021, ISSN 1086-1653, Copyright © 2021, pp. 467-472.

One major influence on Steve’s career was Nobel Prize–winning economist James Buchanan, who was one of his mentors and advisers as well as a member of his dissertation committee. (The late Don Lavoie was his chair.¹) Buchanan often challenged his doctoral students and young colleagues to think about the trajectory of their scholarship. Is their focus on contributing insights to current issues and policy discussions or, in contrast, to the more general and longer-lived theoretical and philosophical issues of political economy? Although Buchanan had a marked personal preference for the latter and encouraged his students to that end, he certainly saw the value of both kinds of endeavors. Steve Horwitz was unique in that he was truly distinguished in both realms. He was the consummate public intellectual and communicator, and he made what will be lasting contributions to economics.

Steve as Scholar

Microfoundations and Macroeconomics: An Austrian Perspective (2000) is perhaps Steve’s most profound work. In 2021, the editors of the *Review of Austrian Economics* dedicated the major portion of an issue of the journal to a twenty-year retrospective on the book.

As Nicholas Cachanosky points out in his contribution to the volume, a reading of the canonical Austrian writers “gives the impression that Austrian macroeconomics is a collection of unconnected macro-topics,” but “Horwitz’s (2000) main contribution consists in showing that this is not the case. Horwitz shows how to put these topics together consistently ... one gets the message that there is, after all, such a thing as Austrian macroeconomics” (2021, 279).

William Luther notes that two important books on Austrian macroeconomics were published in the year 2000: Horwitz’s book and Roger Garrison’s *Time and Money: The Macroeconomics of Capital Structure*. In Garrison’s book, Luther notes, “graphical analysis took center stage. He seemed less interested in tracing the intellectual history than in clearly articulating how the Austrian view differed from mainstream explanations of macroeconomic fluctuation.” In contrast, “Horwitz (2000) worked primarily in prose, drawing on a broad set of thinkers. References to William H. Hutt, Ludwig Lachman, Dennis H. Robertson, and Leland Yeager filled the pages. The book seemed to be as much about providing a capital theoretic foundation to the rich history of monetary equilibrium theory as it was about advancing a distinctly Austrian theory of the business cycle” (2021, 290, 289).

In that same issue of the *Review of Austrian Economics*, Steve also reflected on his own work. Although numerous margins distinguish an Austrian approach from a mainstream approach, Horwitz agreed with Garrison in thinking of “Austrian macroeconomics as ‘capital-based macroeconomics’ in contrast to the ‘labor based’

1. His doctoral committee also included George Selgin, Karen Vaughn, Don Boudreaux, and Richard E. Wagner—a veritable who’s who of Austrian scholars.

macro of so much of the mainstream.... I am more convinced now than I was then that capital and capital theory are the points of intersection for so much of how we understand economic activity. The Austrian theory of capital is a defining characteristic of the school's framework. Capital and capital goods are at the center of what market economies do" (Horwitz 2021, 324).

He went on to speculate that among all of his works *Microfoundations* "is most likely to still be read 100 years from now. We're 20% of the way there and these papers have convinced me that it's a decent bet.... [T]his symposium 20 years out is probably as close as I'm going to get to finding out whether my prediction was right and whether I fulfilled Buchanan's dictum" (2021, 324).

Any mention of Horwitz's scholarly work must also include *Hayek's Modern Family* (2015). In a nation and civilization beset by divisive and incessant "culture wars," Horwitz's book offers a "third way" on issues of culture—avoiding the toxic extremes of both the radical Left and the reactionary Right. Some at the influential fringes of the Left argue that social progress cannot be accomplished until the family is abolished. Horwitz refutes this perspective by carefully examining evidence-based social science literature that belie the claim. Indeed, well-functioning families are essential for a well-functioning civilization. Neither the state nor other social arrangements can replace the family. At the other end, some at the influential fringes on the right argue that civilization cannot endure unless the family structure is somehow frozen in time. Horwitz shows that this narrow vision of family structure is not just ahistorical but also neither intrinsically superior in theory nor in practice. The function of family is much more important than its form.

Using a Hayekian framework, Horwitz "examined how the family, much like the marketplace, is an undesigned social institution that evolves to meet economic, social, and political functions. He showed how the functions and the forms of the family adapt in efficient ways as times change. His work provides an important defense of the family from a uniquely non-conservative viewpoint" (Bohanon and Currott 2021).

Of course, in addition to other books, book chapters, and scholarly monographs, Horwitz published a continuous stream of scholarly journal articles that are the currency of modern academia. There are too many to review here, so we will discuss one of our favorites, which was published in *The Independent Review* in 2009: "Wal-Mart to the Rescue: Private Enterprise's Response to Hurricane Katrina."

It is well accepted that the Federal Emergency Management Agency did a less-than-stellar job of providing emergency relief in the aftermath of Hurricane Katrina in 2005, whereas Wal-Mart and other big-box stores did an exemplary job in providing such relief. Horwitz made a detailed and convincing case that this outcome was neither an accident nor a surprise. Wal-Mart was in a highly competitive industry, so it was in its interests to have developed "well-honed logistical skills, informed by years of responding to market signals" well before the hurricane. These skills and organizational knowledge were readily "transferred over to (the) crisis situation"

(2009, 519). He went on to argue that “[w]hile (Wal-Mart) has honed the agility and responsiveness that disaster experts would love to inculcate in FEMA ... [t]hose characteristics, however, are a product of the competitive market environment in which Wal-Mart operates, not of its organizational structure or of the quality of its leadership per se” (525). This article, like most of Horwitz work, is impressive in its detail and depth of analysis.

Steve as Public Intellectual

A tremendous academic researcher, Steve was equally an outstanding communicator of economic ideas because, as he readily described himself, he was a teacher first. His goal as an economics teacher was to “create informed, engaged citizens” (Horwitz 2020). Connecting with others through public events and in the popular press were opportunities for Steve to expand his classroom well beyond his college students. He cherished these opportunities to, in a calm and reasoned voice, take on controversial topics for which widespread economic misunderstanding exists.

Steve regularly contributed columns for the Foundation for Economic Education and authored dozens of op-eds, including several related to COVID-19. For example, in a *Detroit News* op-ed, Steve and coauthor Donald Boudreaux (2020) explain how a one-size-fits-all approach—the mask mandate—to reducing the spread of COVID-19 may not lead to much additional mask usage, can harm those among us who are relatively powerless, and interrupts important private experiments to finding alternative solutions.

Steve was a great speaker because he loved his audiences. He drew energy from them. It made no difference if the audience were a hundred professional colleagues at an academic conference, a half-dozen high school students in a classroom, or those he imagined would watch his numerous Learn Liberty videos: he loved articulating ideas and insights with others. He was enthusiastic, clear, and always thoughtful. And the speaking was always about the ideas—not about an individual.

In perhaps his most far-reaching television appearance, Steve was featured on CNN in September 2017 to discuss the distribution of supply-limited resources during natural crises (Horwitz 2017). Many commentators simply offer emotionally laden condemnations of “price gouging,” but Steve skillfully, effectively, and calmly presented tough but reasoned arguments for permitting prices to rise in a crisis.

In the wake of natural disasters that cause severe shortages of vital goods, allowing prices to rise, although not a panacea, is the best option available for all those distressed, including for the poor. He argued that it’s better for the poor to have expensive gas and water available for purchase than to have nominally cheap gas and water but empty pumps and shelves! Higher prices not only encourage consumers to use existing supplies with more care but also encourages reallocation of supplies from other regions.

Steve as a Human Being

We knew Steve as a colleague, mentor, and friend at Ball State University. Although our close association came late in his career, our experiences with Steve Horwitz the human being are confirmed by those with a longer association. For as much as Steve was a great thinker and communicator, he was also a model of how to live a rich and full life. Steve was fun to have as a colleague!

The combination of the COVID pandemic and his own health condition mandated he teach online during the last semesters of his career. However, in the spring of 2021 he was able to meet with a class in person for a session. We can attest that he beamed like a light bulb to his colleagues in the hall after that session, relating how much he enjoyed the one-on-one interaction with students. “Don’t tell the dean,” he added, “I’d pay for it!”

Steve always welcomed and relished intellectual challenges. He always made charitable assumptions about criticism of his work or position. He always saw them as constructive ways to test his ideas, improve his thinking, and polish his explanations. He was no respecter of rank, accepting insight from the lowliest undergraduate to the most esteemed senior faculty member. He always played nice, never vilifying his opponents. On the rare occasion when he made an untoward comment, he readily apologized and went on.

However, Steve never gave false praise or obfuscated his views. He knew how to draw a line in the sand. On his Facebook page, he would not tolerate anti-Semitism. He also told all in no uncertain terms to refrain from giving him advice on his medical condition unless they were a medical specialist in the field.

Steve loved food as an accompaniment to discussion. We never knew a student discussion group where Steve failed to order food. He was always delighted to personally bring in the boxes of pizza for the students. We will fondly recall the true joy he exuded when introduced to an authentic Chinese restaurant in Muncie, Indiana. And Steve loved to share his culinary adventures on his Facebook page.

Indeed, his Facebook page was legendary, with thousands of followers and incredibly prolific posts on a vast array of topics. Even in the face of his illness, his output was amazing. He gladly accepted the moniker “Steroid Steve.” He was also genuinely curious about his disease—learned all he could about it and never gave up hope, although he did recognize reality. He was the bravest person we ever knew—he never exhibited a hint of self-pity. The closest he ever came was a comment he posted toward the end: “I miss Panda”—his beloved dog.

Steve was a persistent optimist—even in the presence of his own mortality. His spirit is well reflected in a statement he made in one of his last interviews posted on the ISPE website: “I still believe the world is getting better and more awesome and I’m just not going to see as much as I thought I would” (ISPE 2021).

Thank you, Steve. Your lessons of how to live a good life—your optimism, enthusiasm, dedication to your foundational beliefs, and willingness to put in the work—will inspire us all for decades to come.

References

- Bohanon, Cecil, and Nick Currott. 2021. Remembering Economist Steven Horwitz. *Indianapolis Business Journal*, July 9. At <https://www.ibj.com/articles/remembering-economist-steven-horwitz>.
- Cachanosky, Nicolas. 2021. Microfoundations and Macroeconomics: 20 Years. *Review of Austrian Economics* 34, no. 2 (June): 279–88.
- Garrison, R. W. 2000. *Time and Money: The Macroeconomics of Capital Structure*. Abingdon, U.K.: Routledge.
- Horwitz, Steven. 2000. *Microfoundations and Macroeconomics: An Austrian Perspective*. London: Routledge.
- . 2009. Wal-Mart to the Rescue: Private Enterprise’s Response to Hurricane Katrina. *The Independent Review* 13, no. 4 (Spring): 511–28.
- . 2015. *Hayek’s Modern Family: Classical Liberalism and the Evolution of Social Institutions*. New York: Palgrave Macmillan.
- . 2017. Is Price Gouging during Emergencies a Good Thing? CNN, September 9. At <https://www.cnn.com/videos/tv/2017/09/09/is-price-gouging-during-emergencies-a-good-thing.cnn>.
- . 2020. Achieving Academic Excellence: Steve Horwitz. *Ball State University Magazine*, February 4. At <https://magazine.bsu.edu/2020/02/04/steve-horwitz/>.
- . 2021. Microfoundations and Macroeconomics at 20: Some Reflections. *Review of Austrian Economics* 34, no. 2 (June): 323–30.
- Horwitz, Steven, and Donald Boudreaux. 2020. Opinion: Economics Show Why Politicians’ Mask Mandates Don’t Work. *Detroit News*, August 26. At <https://www.detroitnews.com/story/opinion/2020/08/27/opinion-economics-show-why-politicians-mask-mandates-dont-work-pollution/5634603002/>.
- Institute for the Study of Political Economy (ISPE). 2021. Department of Economics, Miller College of Business, Ball State University. At <https://www.facebook.com/ISPEatBSU/>.
- Luther, William J. 2021. Two Paths Forward for Austrian Macroeconomics. *Review of Austrian Economics* 34, no. 2 (June): 289–97.

SUBSCRIBE NOW AND RECEIVE A FREE BOOK!



“*The Independent Review* does not accept pronouncements of government officials nor the conventional wisdom at face value.”

—**JOHN R. MACARTHUR**, Publisher, *Harper’s*

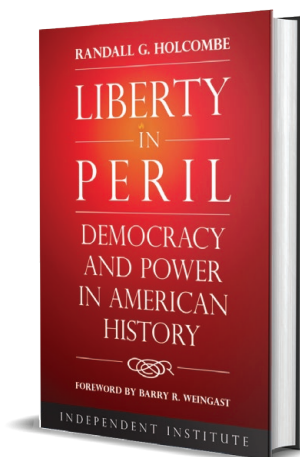
“*The Independent Review* is excellent.”

—**GARY BECKER**, Nobel Laureate in Economic Sciences

Subscribe to [The Independent Review](#) and receive a free book of your choice such as *Liberty in Peril: Democracy and Power in American History*, by Randall G. Holcombe.

Thought-provoking and educational, [The Independent Review](#) is blazing the way toward informed debate. This quarterly journal offers leading-edge insights on today’s most critical issues in economics, healthcare, education, the environment, energy, defense, law, history, political science, philosophy, and sociology.

Student? Educator? Journalist? Business or civic leader? Engaged citizen? This journal is for YOU!



Order today for more **FREE** book options

SUBSCRIBE

The Independent Review is now available digitally on mobile devices and tablets via the Apple/Android App Stores and Magzter. Subscriptions and single issues start at \$2.99. [Learn More.](#)

