

ACCOUNTING FROM AN AUSTRIAN (MISESIAN) PERSPECTIVE

A visual guide created by Dr. David Rapp to help listeners understand the Austrian principles discussed in episode #51 of Economics for Entrepreneurs.

Economic Calculation

Necessary precondition for economizing (production) decisions in a division of labor/ market economy		Absence of proper calculation central argument in the unmasking of socialism	
	Accounting of profit and loss	Commercial precalculation	
Main purpose	Revealing of success or failure (profit or loss) of entrepreneurial activity; computation of consumption possibility (income)	Structuring of and planning for potential future action ; basis for judging about whether or not worthwhile	
Temporal perspective	Retrospective , primarily directed towards past action; but: implications for future action	Anticipatory , directed towards possible future action	
Basis	Double-entry bookkeeping (Mises references Goethe “one of the finest inventions of the human mind”), revenues, expenses, gains, losses	Cost, proceeds, payment flows	
Main tools	Balance sheet, income statement/profit & loss statement	Investment appraisal, costing/ cost accounting	
Contemporary terminology	Financial accounting/ financial reporting	Managerial accounting	
Primary addressee	Mises capital accounting	Financial accounting	Internal
	Internal	External	
Subject to regulation?	Mises capital accounting	Financial accounting	No , with exceptions (e.g., banks)
	No	Yes , by commercial law/ standards	

Utilize Principles of Austrian Economics To Grow Your Business.

Economics For Entrepreneurs is a project of the Mises Institute, to demonstrate how the application of economic principles helps entrepreneurs succeed.

Start your Austrian entrepreneurial journey at e4epod.com/journey