

Rothbard Against the Dismalists

by Justin Raimondo

"Wisdom is neither inheritance nor legacy."

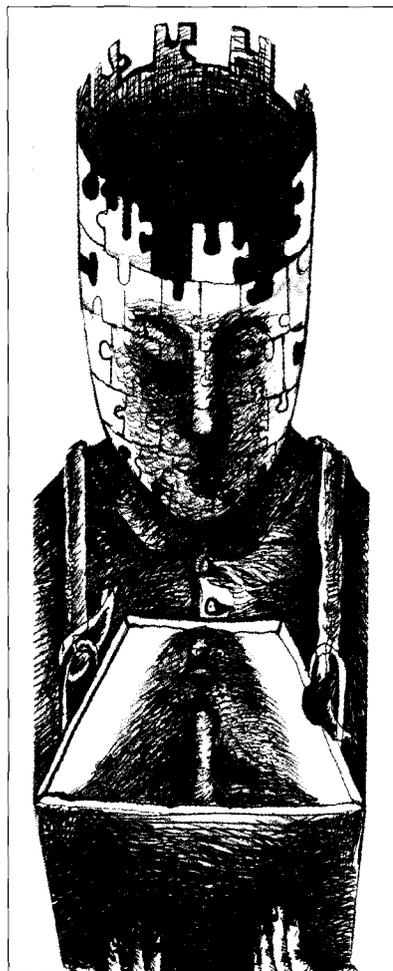
—Thomas Fuller

Man, Economy, and State: A Treatise on Economic Principles
by Murray N. Rothbard
Auburn, Alabama: Ludwig von Mises Institute; 987 pp., \$25.00

In his keynote speech to a meeting of the John Randolph Club, Murray N. Rothbard exhorted his colleagues to take up the task he sees as central to the success of their movement: nothing less than the repeal of the 20th century. The publication of a new edition of Rothbard's *Man, Economy, and State* underscores the author's hostility to modernity.

As is apparent from the opening pages of this monumental work, they don't write 'em like *this* anymore. In the present day and age, economists, as a rule, rarely bother with writing books. Today, the frontiers of economic knowledge are explored in the pages of specialized academic journals and in brief, highly technical articles and notes. In a field that really *ought* to be "English only," the language of this priesthood of specialists is abstract mathematics. Inscrutable to outsiders, the literature of modern economics is read only by those fellow specialists who inhabit a particular subfield. Like every other field of human knowledge, economics is fractured into numerous subcategories, none of which appears to have much connection with the other. Thus it is possible, in this Wonderland we live in, for a distin-

Justin Raimondo is the author of Reclaiming the American Right: The Lost Legacy of the Conservative Movement (Center for Libertarian Studies).



Anna Mirek-Wodecki

guished scholar in the field to know *everything* about the wage patterns of 19th-century Appalachian coal miners and *nothing* about the most basic principles of economics. Incredibly, with the exception of textbooks for undergraduates, very little discussion of economic theory and empirical work is written in English.

The sheer breathtaking scope of Rothbard's vision is enough to spark an idealist's interest in the "dismal" science. Here is economics for living, breathing human beings; not statistics, computer models, and arcane mathematical sym-

bols. First published in 1962, *Man, Economy, and State* is something very different from the narrow worm's-eye view of the field afforded by modern economics texts: a systematic treatise, a comprehensive synthesis of economic thought, a majestic overview of basic principles and their application. Except for Ludwig von Mises' monumental *Human Action* (1949), Rothbard's book is the only such treatise published since the early 20th century, when the "principles" book was the standard form in which economists presented their ideas. Designed to be accessible to any interested reader, and presupposing no formal training in economics, mathematics, or statistics, the book covers nearly all of basic economic theory, from barter and indirect exchange to competition and monopoly, public expenditures, money and interest, and inflation and the business cycle.

As the heir and champion of the great Ludwig von Mises, Rothbard is the leading figure in the so-called "Austrian" School of economics. Founded in the 1870's by the Viennese economist Carl Menger and his successors, the Austrians emphasize the human aspect of economic behavior. This reverses the modern trend, which reduces human beings to a series of numbers in some planner's grand design. The economists of the 20th century, always eager to appear "scientific" and up-to-date, adopted the outlook and methods of experimental physics. The Austrians, in contrast, maintain that the social sciences, and economics in particular, require a method closer to logic. Thus, Austrians favor verbal reasoning over mathematics, causal explanations over formal descriptions of "equilibrium," and an emphasis on the subjective nature of economic

decisions and knowledge. They also tend to be strong advocates of laissez-faire capitalism, even more so than members of the better-known Chicago School. Deriving the principles of economics from self-evident axioms, the Austrians see the free market not merely as the most efficient allocator of scarce resources, but, more importantly, as part of the natural order of things.

Given the popularity of the pragmatic-empiricist Chicagoites among establishment conservatives, it is easy to see why, even with the political and moral collapse of socialism, the free market is nowhere in sight; who, after all, is willing to go to the barricades for an empirical study? But men have laid, and will lay, down their lives for what they believe to be the natural order, especially if they see it violated by government on a daily basis. Rothbard is a breath of fresh air for all those who are looking not for policy-wonk cost-benefit analyses and arguments for "efficiency," but for a philosophy of the social sciences, of which economics is but one branch.

It is impossible in a review to do justice to the scope and depth of the book's contents. Among the author's original contributions are a treatment of the theory of interest as integrated into the theory of the firm (in Chapter 7) and a discussion of monopoly (in Chapter 10) in which Rothbard demolishes the concept of a free-market monopoly and proves that no one can maintain a stranglehold on the economic life of a nation unless it is enforced at gunpoint, *i.e.*, by the government. This volume is a gold mine of numerous insights and observations on topics ranging from business organization and comparative economic systems to legal philosophy, history, and psychology.

In addition to presenting a general theory of economics itself, the author rebuts numerous fallacies and misinterpretations, including most of the common policy prescriptions of the time. Since this book is a reprint of the earlier edition, his discussion covers only those fallacies that were around as of 1962. The last 30 years have spawned many more, and it would have been nice to have an updated edition, but this is a minor quibble. Out of print since the early 1970's, *Man, Economy, and State* is the necessary antidote to the nonsense that passes for economics these days, an indispensable weapon in the battle against the redistributionist schemes of the Washington power elite.

The significance of this work is tied up with its history, and so you should know that *Man, Economy, and State* was originally published as part of a series sponsored by the now-defunct William Volker Fund, which also funded Mises' salary at New York University, as well as part of Hayek's at the Committee on Social Thought at the University of Chicago. The Volker series also included Mises' *Epistemological Problems of Economics* and Israel Kirzner's first book, *The Economic Point of View*. Rothbard worked as a full-time analyst for the Volker Fund, tracking down the few free market-libertarian scholars that existed and making it possible for them to continue and expand their work. The fund was the main link in the network of Old Right economists, who were never for a moment reconciled to the welfare-warfare state, and its collapse was due in part to the crisis that occurred in the conservative movement of the 1950's. The fund was, in large part, a casualty of the struggle between the Old Right

and the New and the breakup of the conservative-libertarian alliance over the issue of the Cold War. With the Volker Fund's demise, the hard-core free-market analysis of economic thought represented by the Austrian School was largely absent from the ranks of the conservative establishment; the incursions of neoconservative pragmatists and ex-Marxist social scientists who envisioned a "conservative welfare state," as Irving Kristol puts it, thus met with little resistance in the councils of the right. The publication of this new edition of *Man, Economy, and State* therefore comes at just the right time. As libertarians and conservatives rediscover their common Old Right heritage and cast aside Kempian nostrums of neoconservative welfare statism, this book will do much to instruct a new generation of conservative activists who understand that knowledge is the prerequisite for activism.

The author of 20 books and more than 1,000 articles, Murray N. Rothbard has been a mentor and an inspiration to the partisans of liberty since the early 1950's. If he had written only *Man, Economy, and State*, it would have been enough to secure him a permanent place among the luminaries of libertarian thought. As it is, the astonishing range of his writings, from economics to ethics to history to political journalism, reveals the mind of a polymath, so unlike the modern intellectual's narrowness of vision that the two seem representative of different species. He is comfortable everywhere, and just as capable of turning out a knock 'em-sock 'em political polemic as of writing the magisterial *Man, Economy, and State*. In true Rothbardian style, his two current projects are a forthcoming multivolume history of economic thought and a monthly journal of ideological fireworks, the *Rothbard-Rockwell Report*, which regularly lights up the sky with its blazing indictment of Clintonian socialism.

Murray Rothbard, the happy scholar-warrior of liberty, is a national treasure. If ever the people take back their country and their culture from the treasonous, decadent elite, a statue in his honor will be erected on the spot where the Federal Reserve Bank (or perhaps the Internal Revenue Service) once stood. There, amid the wreckage of the Leviathan, the newly freed slaves will gather and silently give thanks.

<c

LIBERAL ARTS

REFLECTIONS

Equalitarianism equals equality among nonequals; equality among equals equals political incorrectness.

Human rights are not expensive, because they come duty-free.

I have seen humans without rights and then rights without humans.
—Alexander Badin

The Cosmopolitan Temptation

by Paul Gottfried

The Emerging Atlantic Culture

by Thomas Molnar

New Brunswick: Transaction;

113 pp., \$27.95

Blood and Belonging: Journeys Into the New Nationalism

by Michael Ignatieff

New York: Farrar, Straus & Giroux;

263 pp., \$21.00



The two books reviewed here provide a contrast both in style and in substance. Whereas Thomas Molnar treats utopians and historical optimists with exuberant contempt, Michael Ignatieff bewails the fact that nations and nationalism have not yet disappeared. Molnar is proud of his relentless realism, in which politics are related to man's fallen state; Ignatieff, by contrast, wants us to move beyond the past toward a world without national loyalties. Despite these differences, both men succinctly set forth their positions, resting their arguments on bold generalities and arresting illustrations. Ignatieff, who prepared his book for a BBC series aired in 1993, is clearly aiming his remarks at a *bien pensant* liberal audience, one that wishes to be told that its own sentiments, albeit currently impractical, are admirable. One respects that Molnar has in mind his own particular readership, perhaps those who, like myself, have read him over the years and value his opinions.

I must insist that Molnar is of the two the far more intelligent commentator, even when his prejudices come to the surface. And he does have prejudices—against Protestantism, the American founding, and commercial societies—that detract from his otherwise sober analysis of American institutions and culture. He tries to explain all the lunacies in contemporary American life by too often going back to the Protestant Reformation or to Ernst Troeltsch's turn-of-the-century views about cultural

Protestantism. Like other European commentators on America, Molnar is also overly dependent on Alexis de Tocqueville. Indeed, he seems to believe that the investigation of American small-town democracy done by a visiting French aristocrat in the 1830's can serve to illuminate Bill Clinton's America. But Tocqueville is more useful for his critical reflections on Jacksonian democracy than in disclosing a supposedly unchanging American character. Like Samuel Francis and Forrest McDonald, but unlike Molnar, I am far more struck by the political and cultural gulf between early and present-day America than by any presumed continuity between them. I cannot recognize in the multicultural, therapeutic America of the present the Protestant Republic of 1835. Tocqueville might as well have been describing the Egyptian Middle Kingdom, for all the relevance that the America he visited has to our own.

Despite the Catholic and Tocquevilian filters that he applies, Molnar does perceive certain things very clearly. The culture that arose on both sides of the Atlantic in the wake of American political hegemony following World War II is far more brittle, he reminds us, than is often imagined. Europeans took over American political slogans and paid at least lip service to "American values" like democracy, pluralism, and equality because shattered Europe respected American power. Unlike naive American globalists, Molnar is brutally honest in exposing the shallowness of European enthusiasm for American control. He is also too much of a historicist to attribute transcendent importance to the ideological accoutrements of power. There is nothing intrinsically moral, he observes, about whatever political system the United States enjoys at any particular time and decides to impose on dependent governments. When asked by an earnest disciple of Harry Jaffa whether he believed that American democracy is the only true Judeo-Christian regime, Molnar looked at the young man as if he were insane.

American liberal democracy, he insists, is incompatible with strongly corporate societies that value group identity more than individual expressiveness. Its success depends on social and

cultural transformation that is still less advanced in most of Europe than in the United States. Europeans also distinguish between culture and technical civilization, and both their left- and their right-wing critics mock American materialism, in contrast to Europe's centuries-old artistic achievements. Moreover, most Americans have no sympathetic interest in the European past. It is what their forefathers left behind or, in the cases of Asians and blacks, never possessed in the first place. American interest in Europe, Molnar explains, is typically confined to a concern with whether the Europeans are coming to resemble us. Presumably, the more they do resemble us, the less reason we have to feel threatened when we encounter people on the other side of the Atlantic.

These observations are right on the money, and the most fatuous remarks in Ignatieff's lament for internationalism confirm Molnar's insensitively stated truths. The Canadian-born and educated Ignatieff weeps over what he supposes to be the temporary eclipse of his vision of progress, of what he calls "cosmopolitanism" sweeping across the globe: "Twentieth-century democracy and unprecedented post-war prosperity have extended the privileges of cosmopolitanism from a small white male moneyed elite to a substantial minority of the population of the nation-states of the developed world." Ignatieff praises the revolutions in transportation and communication and the overthrow of authoritarian structures like the Habsburg and Turkish empires in preparing the way for this new cosmopolitanism. In the world of his imagination, there would exist only individuals interacting without ethnic or sexual distinctions or any hint of discrimination. This is not coming to pass, Ignatieff explains, because a new (really old) nationalism has surged up in Europe and elsewhere. Ignatieff's banal, politically correct treatment of this subject winds on for so long that it almost turned me from my ancestral Austrophilia into a Serbian nationalist. And though sympathetic to the Whites against the Reds, I find it hard to sympathize with Ignatieff's Russian *émigré* family, in view of the ideas he ascribes to them. After all, there are less appetizing miscreants than communists,