
popular belief, orthodox Christianity is not pro-family. "For St. Paul . . . [i]t is preferable to be celibate than to have sex, even within marriage. The Catholic Church institutionalized this bias against married people by limiting its hierarchy to celibate priests. Catholic thinkers, moreover, counsel people from lusting after their own spouses" (p. 173).

Where to begin? Why is it "anti-family"

to suppose there is a higher state than marriage? Does holding this view make one biased against married people? Why is advising against spousal lust anti-family? Mr. Lind is interested in a great many things, but he lacks the ability to deploy his thoughts in coherent argument. Everywhere what James Burnham termed "the squid-like ink of directionless thinking" is apparent. ✧

Up From Statism

MAKING ECONOMIC SENSE

Murray N. Rothbard

Ludwig von Mises Institute, 1995,
439 pgs.

Murray Rothbard had a remarkable ability to ask fundamental questions that others, even those within his own free-market camp, missed. After Rothbard touched an issue, it could never remain the same. This quality emerges in the present outstanding collection of his articles for *The Free Market*, written between 1982 and 1995.

Many economists have noted that in a free market, consumers have much greater freedom of choice than in an economy run by government coercion. But here a misstep threatens. Because consumers have greater choice in a free market, it is easy to jump to the conclusion that whatever

promotes choice is a free-market measure. Thus, Milton Friedman, in some circles "the very essence of a modern major general" of free-market forces, has supported vouchers so that parents can send their children to the schools they choose for them.

Rothbard at once penetrates to the heart of the matter in his analysis. "[B]y fatuously focussing on potential 'choice,' the voucher revolutionaries forget that expanding the 'choice' of poor parents by giving them more taxpayer money also *restricts* the 'choice' of the suburban parents and private-school parents from having the sort of education that *they* want for their kids.

Rothbard had a remarkable ability to ask fundamental questions that others missed.

The focus, he argues, should not be on the abstract notion of "choice," but on money and income. The person who earns more money necessarily has more "choices" on how to spend that money. A simple point: a free-market society rests on a system of property rights, not on a futile effort to maximize choices, of whatever sort. Yet who before Rothbard saw the point so clearly or so well?

Rothbard was ever alert to mistaken arguments for capitalism that, in an effort to be value free, lack a sound foundation in ethical theory. He brilliantly illustrates the fallacy of the so-called Pareto criterion, taken as the sum and substance of welfare economics, in a comment on a proposal for population control:

"A grotesque example of a 'free-market' 'expert' on efficiency slightly moderating totalitarianism was the proposal of the anti-population fanatic and distinguished economist, the late Kenneth E. Boulding. Boulding proposed the typical 'reform' of an economist. Instead of forcing every woman to be sterilized after having two babies, the government would issue each woman . . . two baby rights."

The mother could have two babies, or if she wanted more, she would purchase a baby right from a woman who wanted to trade hers in. "If we start from the original ZPG [Zero Population Growth] plan," Rothbard comments, "and we introduce the Boulding plan, wouldn't

everyone be better off, and the requirements of 'Pareto superiority' therefore obtain" (p. 149)?

If the key to a free society cannot be found in economic theory, neither is resort to that contemporary shibboleth, democracy, sufficient. The mere fact that the majority of a society supports some measure tells us very little about that measure's desirability:

"What, in fact, is so great about democracy? Democracy is scarcely a virtue in itself, much less an overriding one, and not nearly

as important as liberty, property rights, a free market, or strictly limited government. Democracy is simply a process, a means of selecting government rulers and policies. It has but one virtue, but this can indeed be an important one: it provides a peaceful means for the triumph of the popular will" (p. 41, the essay from which this quotation comes was a Confidential Memo here made available to the public for the first time).

With Rothbard, you can rarely predict what is coming next. No matter how carefully you may think you have grasped his thought, he was always several steps ahead. Thus, what follows from the passage I have just cited? You might think that, given his view of democracy, he would call for us sharply to deemphasize democratic reforms. Quite the contrary, he demands more democracy.

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It does not at all follow from the fact that democracy is theoretically inessential that moves in a democratic direction cannot be the order of the day. Rothbard was especially concerned to strip from the judiciary its power to overturn popularly supported initiatives. In a highhanded way, our judicial lords and masters find in the Constitution the leftist values that they have imposed on that document. Rothbard would have none of this: he proposed measures that would “effectively crush the power of the Supreme Court” (p. 413).

As should be by now sufficiently obvious, Rothbard was no conventional economist. His economic analysis was always embedded within a careful account of politics and ethics. Thus, many “free-market” economists, when considering Nafta, saw only that some tariffs would by its terms be lowered. Was this not a move toward free trade, that deserved the support of libertarians?

Rothbard’s analysis penetrates much deeper: “The worst aspects of Nafta are the Clintonian side agreements, which have converted an unfortunate Bush treaty into a horror of international statism. We have the side agreements to thank for the supra-national commissions and their coming ‘upward harmonization.’ The side agreements also push the foreign aid aspect of the establishment’s ‘free trade’ hoax” (p. 309).

Rothbard’s treatment of the politics

of economic issues covers a vast field, but one theme perhaps stands uppermost. Whatever advances the power of the state was to him a deadly danger. And even worse than an increase in the power of a single state was the rise of an imperial power that sought world domination.

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Here he saw a prime danger of Nafta, a vital step to a New World Order. Politically, it suggests that the United States is “totally committed” to a form of global government. Economically, it means not free trade but a “managed, cartelized trade and production, the econ-

omy to be governed by an oligarchic ruling coalition of Big Government, Big Business, and Big Intellectuals/Big Media” (p. 312).

Rothbard locates here the root failing of Keynesian economics, which he numerous times does battle with in this volume. Lord Keynes and his disciples spurned the gold standard, which Rothbard sees as the only basis for a sound currency. Instead, the Keynesians endeavored to establish a worldwide fiat currency, under the control of an international bank. To achieve this, the Keynesians thought, would eliminate a principal obstacle to their economic plans.

As everyone knows, the Keynesian system almost always prescribes inflation. But if one country inflates and others do not, or do so only to a lesser extent, it will lose gold or income to them. A Keynesian World Bank would

permit all countries to inflate together: gone would be the check that independent monetary systems impose on radical Keynesianism.

Of course, there is the minor matter that a world Keynesian monetary system spells disaster. "At the end of the road would be a horrendous world-wide hyper-inflation, with no way of escaping into sounder or less inflated currencies" (p. 254). Fortunately, Keynesians have been unable to put their schemes into full operation; but the manifest failure of their system has not deterred them, and they must ever be combatted anew. Rothbard's unique combination of political with economic analysis is an indispensable weapon in this struggle.

But if Keynesianism leads to disaster, wherein lies salvation? One false step, appealing to many, is to cast away theory altogether. The National Bureau of Economic Research has famously attempted to study the business cycle through strict reliance on fact. The Bureau's "proclaimed methodology is Baconian: that is, it trumpets the claim that it *has no* theories, that it collects myriads of facts and statistics, and that its cautiously worded conclusions arise solely, Phoenix-like, out of the data themselves" (p. 232).

Rothbard subjects the alleged scientific approach of the Bureau to devastating scrutiny. Rothbard, although of course firmly committed to Austrian

economics, had a detailed knowledge of statistics, at one time his college major (p. 38); and he could meet the measurement devotees on their own ground.

The section "Our Intellectual Debts" strikes me as especially appealing. Here Rothbard pays tribute

to W. H. Hutt, F. A. Hayek, V. Orval Watts, and Margit von Mises, all of whom, incidentally, lived to be at least eighty-nine. Rothbard's obituary on Hayek raises issues of major importance. He fully recognizes Hayek's outstanding contributions to Austrian business-cycle theory and to the socialist

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calculation argument, as well as the impact of his anti-statist classic, *The Road to Serfdom*. But after World War II, Rothbard maintains, Hayek strayed from the path of righteousness. "To the extent that Hayek remained interested in cycle theory, he began to engage in shifting and contradictory deviations from the Misesian paradigm" (p. 378).

And worse was in store. Hayek, "radically scornful of human reason" (p. 379), rejected natural law arguments in support of classical liberalism. Instead, he championed a murky doctrine of social evolution." Rothbard, both here and in "The Consequence of Human Action: Intended or Unintended?" makes crystal clear his aversion to undue stress on Hayek's leitmotif, the unintended consequences of human action.

Rothbard's measured response to an eminent name in the Austrian tradition may at first evoke surprise. But one of Rothbard's great strengths was his ability to adopt an independent intellectual outlook. Even the great Mises himself is, elsewhere in Rothbard's work, subjected to criticism. Rothbard's willingness to engage in frank criticism of bad ideas from any source only underscores his insistence on honesty and independence of mind. ♦

Recognizing Bulliance

REVIEW OF ROTHBARD, *AN AUSTRIAN PERSPECTIVE ON THE HISTORY OF ECONOMIC THOUGHT*, VOLUMES 1 AND 2

Roger Backhouse

History of Economic Thought Newsletter Volume 56 (Summer 1996): 16–21

A review of a book review is hardly standard procedure, but Backhouse's article is a major scholarly assessment of Rothbard's *History*. Backhouse, an eminent historian of economic thought, writes with great appreciation of this monumental work. After a long summary of the volumes, stressing Rothbard's Austrian heroes and Ricardian villains, Backhouse notes that "the range of

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authors discussed is immense. Rothbard clearly makes the point that economics is the product of communities of scholars, not simply a small group of pioneering thinkers . . . his reading is vast, and there is much to be learned from him" (p. 20).

Backhouse finds Rothbard's "refusal to mince words" about Marx "very effective" and seems especially interested in the highly original account of the bullionist controversy.

He appears unsympathetic to praxeology. If, he says, we do not "know enough (or even anything) with sufficient certainty to be able to derive conclusions using the praxeological method . . . then the option of deriving universal, true conclusions is simply not available" (p. 17). But all this says is that if praxeology cannot be used, then it cannot be used. True enough, but hardly very significant.

Backhouse's conclusion is: "Rothbard's judgments are, in my view, frequently distorted by his Austrian perspective, but it is nonetheless, an exciting, even brilliant, book" (p. 21). ♦