

But can immorality be adequately combated under this limitation? Our author manifests concern for certain groups who *prima facie* stand vulnerable to the depredations of others. Rothbard's requirement that immoral behavior, unless itself violent, be met only peacefully, she writes, "presents no small problem for those concerned with the care of the weak, especially children" (pp. 67–68).

Does the Rothbardian restriction unacceptably permit exploitation of the vulnerable? Our author does not herself offer an explicit response: she

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confines herself to a brief discussion by way of contrast with Rothbard, of the views of Karl Popper and Antiseri.

Rothbard would, I think, in answer to her query advert to his jaundiced view of the state. If our concern is to protect the vulnerable, can we rely on the state to enforce morality? History, he would say, gives no reason to think the state can act effectively in this area—quite the contrary. Popper and Antiseri, one gathers, size up the risks

and costs of state intervention otherwise.

Roberta Modugno has written a remarkably thorough and incisive account of Murray Rothbard's thought. She has shown, better than anyone else, Rothbard's place in the classical liberal tradition. And that is no small achievement. ♦

THE GREAT TREATISE AT 50

The Scholar's Edition of
Human Action

LUDWIG VON MISES
LUDWIG VON MISES INSTITUTE,
[1949] 1998, XXXVII + 912 PGS.

There are two ways to read Mises's great treatise. Most readers will, I fear, find the book too much to attempt to grasp systematically. Not everyone feels like reading a nine-hundred-page book straight through. If you shrink from a full confrontation with the book, you will, as I hope to show, miss out on a great deal. But all is not lost. You can open the book almost anywhere and come away with new insights.

As an example, Mises demolishes the central core of Marxist economics in a few brilliant pages. Marx famously claimed to have discovered the "laws of motion" of capitalism. How does the capitalist transform his initial monetary investment into a larger sum of

money at the close of production? For Marx, the answer did not lie in trickery.

Quite the contrary, Marx claimed to show that the capitalist could extract profit even if all commodities exchanged at their value. The capitalist buys labor and raw materials at their value and sells the product manufactured with their aid at its value. Why does it turn out that the second sum is greater than the first? Why, in other words, are not the prices of the factors of production bid up to absorb anticipated profits?

The answer, Marx thought, lies in the exploitation of labor. By the labor theory of value, which Marx professed, all goods exchange at the value of the labor required to produce them. Labor, then, obtains as wages what is required to produce the laborer. In brief, labor earns a subsistence wage.

Once the capitalist has purchased labor, his fortune is made. He now gets whatever value the labor he has purchased adds to his raw materials. (Remember, in Marx's theory labor is the source of economic value.) In the usual case, this value exceeds the subsistence costs of labor. The result of this surplus, which Marx terms the rate of exploitation, is profit, and our pretended Newton on economics has here unveiled his new scientific law.

I have gone on at some length about labor exploitation, as this notion is vital to Marxism. Destroy it, and the whole of Marxist economics collapses. And this is just what Mises proceeds to do. He at once locates the central fallacy in Marx's argument.

Even if one accepts the labor theory of value, Marx's explanation of wages fails. Except under special conditions, the price of labor is not determined by the costs of subsistence. "The 'iron law of wages' and the essentially identical Marxian doctrine of the determination of 'the value of labor power' by 'the working time necessary for its production'...are the least tenable of all that has ever been taught in the field of catallactics [I]f one sees in the wage earner merely a chattel and believes that he plays no other role in society, if one assumes that he aims at no other satisfaction than feeding and proliferation ...one may consider the iron law as a theory of the determination of wage rates" (p. 602).

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The conditions required for Marx's view to hold practically never obtain, as Marx himself had to admit. Workers' wages under capitalism rise far above subsistence. Rather than acknowledge that his theory failed, Marx changed its terms. He now contended that what constitutes subsistence is a question of history: for workers in a given society,

“subsistence” may mean relative luxury. As Mises mordantly notes, this is to abandon completely the attempt at a theory of wages. “What he [Marx] has in mind is no longer the ‘indispensable necessities,’ but the things considered indispensable from a traditional point of view... The recourse to such an

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explanation means virtually the renunciation of any economic or catallactic elucidation of the determination of wage rates” (p. 603).

Let us turn from Marx to the fall of the Roman Empire. (As we shall later see, the topics are linked.) Why did the Roman Empire, long able to contain barbarian assaults, eventually fall victim to them? Mises finds the answer in an unexpected place: economics. By the second century A.D., the Roman Empire had developed into a complex economy. “The various parts of the empire were no longer economically

self-sufficient. They were mutually interdependent” (p. 761).

Unfortunately, governmental interference crippled the economy, thus opening the way for invaders. Price control and currency debasement were the chief culprits: “The Roman Empire crumbled to dust because it lacked the spirit of liberalism and free enterprise. The policy of interventionism... decomposed the mighty empire as it will by necessity always disintegrate and destroy any social entity” (p. 763). Mises’s account extends the analysis of Mikhail Rostovtzeff, whom he cites.

I have so far imagined a reader who dips into the book sporadically and tried to show how he can expect to find insight after insight. But such a reader will miss much. *Human Action* is unified by a central theme, which Mises always bears in mind.

Mises saw human beings as faced with a fundamental choice. Nature provides man with no automatic sustenance; and, if confined to living in small groups, human beings will find life hardly worth living. But the situation is not entirely bleak.

To escape from Darwinian struggle, man must take advantage of social cooperation through the division of labor. Here, in Mises’s view, lies the veritable key to civilization. But how can human societies best take advantage of the division of labor?

In the answer to this question lies Mises’s central point. Only if a method of calculation exists can human beings in a complex society take full advantage of the division of labor. Alternatives

must be compared with one another, if people are to know how best to fulfill their desires for goods and services; and this can be done only if the alternatives can be reduced to a common denominator for assessment. This, in turn, can be accomplished only through market prices.

Now it is apparent that the two insights discussed above, far from being random remarks, fit exactly into Mises's central strategy. The Marxist system proposes the destruction of capitalism—hence it must be rooted out and destroyed. Even more directly, Mises's comments on the Roman history illustrate his principal thesis—interfere with economic calculation, and you are sunk.

Once you have grasped Mises's leit-motif, everything falls into place, and the book takes on a relentless quality as Mises hammers home his case. Another illustration of the way in which Mises elaborates his theme of capitalism and calculation must here suffice.

Controversy over the effects of the Industrial Revolution on the standard of living of the working class has been a staple of modern historiography. Such eminences as E.P. Thompson and Eric Hobsbawm paint the plight of the working class in somber hues. (I do not think it altogether a coincidence that both of these writers once found a welcome haven in the British Communist Party.)

Mises refuted these supposed authorities in advance, with a simple but devastating point. Population in eighteenth-century Britain increased greatly. Unless the new industrial system

was indeed more able than its predecessor to supply the wants of the workers, no such increase in numbers could have taken place. "But let us not forget that in 1770...England had 8.5 million inhabitants, while in 1831...the figure

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cannot exist.

was 16 million. This conspicuous increase was mainly conditioned by the Industrial Revolution" (p. 617).

The Scholar's Edition of *Human Action* reprints the first edition of Mises's great work. As Jeffrey Her-bener, Hans Hoppe, and Joseph Salerno make clear in their excellent introduction, this edition is superior to the later redactions—second thoughts are not always best. Its treatment of monopoly price includes important passages later dropped, and only this edition contains Mises's brilliant account of the Nazi barter agreements (pp. 796–99). The Scholar's Edition is even better than the original 1949 printing since it includes the aforementioned introduction comparing the various editions. Further, the book has been beautifully printed, as befits a work of this stature. ♦

IN PRAISE OF CENTRALISM

*A New Birth of Freedom:
Human Rights Named
and Unnamed*

CHARLES L. BLACK, JR.

YALE UNIVERSITY PRESS, [1997] 1999,
XX + 176 PGS.

As soon as you glance at this book's dedication, you know that you are in for it: "To the sacred memory of Abraham Lincoln." Mr. Black long held court at the Yale Law School: according to Philip Bobbitt's fawning introduction, Mr. Black was regarded as "the only certified genius" at that institution (p. xii). Well, our author certainly has a genius for promoting judicial dictatorship.

Like his hero Lincoln, Mr. Black wishes to destroy the power of the states. All must be subordinated to our masters in Washington. Oddly, Mr. Black specialized in the structure of American government: evidently, "study" and "subversion" are for him synonymous terms.

The states, it seems, are the chief obstacles to liberty: "Attempts at book-banning, *de jure* or *de facto* racial segregation, the prohibition of the teaching of evolution...are things mostly undertaken by state and local governments.... If the national 'privileges and immunities' are not good against the states and their subdivisions...then we have set up

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nothing but a beeswax simulacrum of a free nation.... It was just that kind of result that the Civil War was in the deepest sense fought and won to prevent. Such a concept is death to Abraham Lincoln's sacred prophecy, at Gettysburg, that this nation as a nation, might have a 'new birth of freedom'" (p. 33).

The states, then, are the enemy. It seems not to have occurred to our Certified Genius that the Civil War perhaps restricted civil liberties just a little more than school boards chary of Darwin. But is there not a slight obstacle in Mr. Black's path? Does not the very constitution he purports to expound set up a regime in which the states are, at least for some purposes, sovereign? What happened to the Tenth Amendment?

Our author is not to be gainsaid: we have a national government, not one that consists of independent states. The Tenth Amendment, which reserves all powers not delegated by the Constitution to the states, is not a part of Mr. Black's Constitution: he never mentions it in the book. Instead, he deploys some bad arguments designed to undercut state sovereignty.