

Austrian

Economics Newsletter



MURRAY N. ROTHBARD (1926–95)

Murray N. Rothbard, economist, historian, political theorist, and philosopher, died on January 7, 1995. The leading contemporary Austrian economist and the founder of the modern libertarian movement, he will be remembered for his many contributions to economic theory and its applications, the history of economic thought, political theory, and the philosophy of social science.

Rothbard had already begun graduate work in economics at Columbia University when he discovered Ludwig von Mises and the Austrian school in 1949. That same year saw the beginning of Mises's N.Y.U. seminar, which Rothbard attended from its inception, and the publication of Mises's *Human Action*. In that book Rothbard found the coherent body of positive economic theory he had been searching for, and he set about to solidify, defend, and extend Austrian theory.

He published his magnum opus, the two-volume *Man, Economy, and State*, in 1962 at age 36. A comprehensive, systematic treatise covering all branches of economics, *Man, Economy, and State* compares only to *Human Action* in scope. It also contains Rothbard's original contributions on monopoly, rent theory, the analysis of government intervention, and

many other areas of economic theory and application. A follow-up volume, *Power and Market* (1970), extended the analysis of the consequences of government policy and formed the basis of much of contemporary libertarian political theory.

Rothbard was a generalist in an age of ever-increasing specialization, and his contributions cover all the major areas of economics. He was initially interested in monetary and business-cycle theory. His Ph.D. dissertation, *The Panic of 1819* (published in 1962), remains the standard reference on its subject. There he develops the thesis that monetary manipulations by the Bank of the United States had caused this country's first major economic crisis. In *America's Great Depression* (1963), he examined the Depression from the perspective of Austrian business-cycle theory. His *The Mystery of Banking* (1983) and *The Case Against the Fed* (1995) argue against fractional-reserve banking and make the case for abolishing our central bank. His best-selling work, *What Has Government Done to Our Money?* (1963), records the history of American monetary devaluations.

He also wrote widely on political and economic history, the history of economic thought, comparative economic systems, utility theory, ethics, and methodology. Regarding the latter, Rothbard was a strict defender of Misesian praxeology and a critic of the various "postmodern" approaches that have become fashionable recently within the Austrian school.

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Rothbard's last major work, the two-volume *Austrian Perspective on the History of Economic Thought* (1995), is a unique treatment that focuses on many lesser known figures and emphasizes the social, cultural, and religious forces that shape the development of economic doctrine. Early reviews compare it to Schumpeter's *History of Economic Analysis* in breadth, depth, and originality.

Beyond his purely scholarly activities, Rothbard was a key figure in the revival of Austrian economics after 1974 and a mentor to many of the current generation of Austrian economists. Along with his contemporaries Israel M. Kirzner and Hans F. Sennholz, Rothbard was also a link to Mises and the days of the Austrian school in Vienna. He will be sadly missed. ▲

— Mark Brandly

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AUSTRIAN ECONOMICS AND THE NEW ECONOMIC HISTORY

by Robert Higgs

The awarding of the Nobel Prize in economics for 1993 jointly to economic historians Robert W. Fogel and Douglass C. North spotlights the New Economic History. This approach, also known as cliometrics, is nearing its fortieth birthday, and the Young Turks of the 1950s are now graybeards of the academy. Today, in an economics department that offers courses in economic history, the professor probably will be a cliometrician. Does cliometrics offer anything of value to the Austrian economist?

At first glance one might well answer no. The New Economic History has always been part of mainstream economics. In its paradigmatic form, cliometric research combines neoclassical economic theory as a source of testable hypotheses and classical statistical inference as a method of testing the hypotheses.¹ Hence one might view cliometrics as nothing more than mainstream empirical analysis using old data. Austrian economists, conceiving of economic theory as the pure logic of choice based on apodictic axioms, seem to have little to gain from cliometrics.

Upon closer inspection, however, one may revise this assessment. Austrian economists do sometimes write economic history—witness such luminaries as Ludwig von Mises, F. A. Hayek, and Murray Rothbard, as well as many of their followers. In this mode, Austrians tend to go about their work in the manner of “old-fashioned” (i.e., noncliometric) economic historians, except that they bring Austrian economic theory to bear to interpret the historical data at hand. Austrians engaged in historical interpretation can sometimes benefit from some cliometric work.²

In *Theory and History* Mises called the study of specific historical action “thymology.”³ This study reveals “that in the past definite men or groups of men were valuing and acting in a definite way” (p. 272). Thymology can “establish the fact that certain traits appeared in the past as a rule in connection with certain other traits” (p. 274). In historical analysis, economic theory alone is insufficient. “If the observer is not familiar with the ideology, the technology, and the therapeutics of the men whose behavior he observes, he cannot make head or tail of it” (p. 284). Thymological study leads to the discovery of how *specific* human valuations produced *particular* patterns of related economic events at *definite* times and places.

Mises's explication of thymology as dealing with “the content of human thoughts, judgments, desires, and actions” (p. 266) parallels a distinction made by James M. Buchanan in his essay “Is Economics the

Science of Choice?"⁴ There Buchanan noted that "In the pure logic of choice, the arguments in the utility function are not identified; 'goods' and 'bads' are unknown to the external observer. In any science of economic behavior"—that is, in any attempt to understand the patterns formed by actual economic events at specific times and places—"the goods must be classified as such" (p. 45). Both Mises and Buchanan take the rationality of action for granted. Mises's thymology and Buchanan's "science of economic behavior" deal with the specific expressions of that rationality.

Cliometrics relates to these Austrian perspectives on historical interpretation because the cliometricians have employed statistical methods to describe the particular patterns that existed at many definite places and times. The cliometricians' own understanding is that they are testing hypotheses derived from neoclassical economic theory. But suppose one were to reinterpret their findings as merely *descriptive* statistics showing how, and how closely, certain variables were related. In this light the R^2 and t statistics of regression analysis, for example, are seen to measure only the tightness of a *particular* observed concatenation of variables, that is, the degree to which the variables formed a definite pattern, and one need not accept either the applicability of classical statistical sampling theory or the scientific underpinning of neoclassical economics. Reinterpreted in this way, cliometric methods provide a powerful tool for establishing which patterns actually existed and which did not, because the statistical controls built into the methods help the analyst to identify relationships that are spurious and those that exist only in the sense of partial (other things equal) correlation—discoveries beyond the powers of the old-fashioned historian.

In addition, the new economic historians at their best have displayed a keen awareness of the potential flaws of historical data, such as errors of measurement and unrepresentativeness of samples. They have carefully considered potential problems such as the unreliability of surrogate variables and the sensitivity of conclusions to specific data sets or particular sample periods. All students of history, including Austrian economists engaged in historical interpretation, stand to gain by such careful handling of the empirical evidence underlying their conclusions.

Cliometricians have also played pioneering roles in expanding the scope of neoclassical analysis to include changes in technology, demographic characteristics, ideology, property rights and other institutions. Austrians may find these studies especially interesting and helpful.

In sum, Austrians need not dismiss all the findings of the New Economic History. Viewed as a body of statistically described patterns of past eco-

nommic events, including changes in institutions and other variables traditionally regarded as exogenous in neoclassical theory, these findings can serve as valuable materials for Austrians practicing their own distinctive style of interpretive economic history.⁵

Notes

¹Many contributions, however, including most of those by Fogel and North, do not take this standard form. Some feature theoretical discussions without classical statistical inference; others feature systematically compiled quantitative evidence without classical statistical inference.

²When cliometricians have based their analyses on such concepts as aggregate production functions or social welfare functions, which Austrians consider vacuous, Austrian economists can only avert their eyes.

³Ludwig von Mises, *Theory and History: An Interpretation of Social and Economic Evolution* (New Haven: Yale University Press, 1957; reprinted, Auburn, Ala.: Mises Institute, 1985), pp. 264–74 and 312–15.

⁴Reprinted in James M. Buchanan, *What Should Economists Do?* (Indianapolis: Liberty Press, 1979), pp. 39–63.

⁵For a recent major work whose authors presuppose the sort of compatibility between Austrianism and cliometrics that I have described, see Richard Vedder and Lowell Galaway, *Out of Work: Unemployment and Government in Twentieth-Century America* (New York: Holmes & Meier, 1993). ▲



Book Reviews

Strategic Factors in Nineteenth Century American Economic Growth: A Volume to Honor Robert W. Fogel

Edited by Claudia Goldin and Hugh Rockoff
University of Chicago Press and NBER, 1992

Reviewed by Mark Thornton

Robert Fogel is a remarkable scholar. He received the 1993 Nobel Prize in economics (along with Douglass North) for his demonstration that state subsidies for the infrastructure of the American railroads were not a main cause of American economic growth, and may have even been a hindrance.

His book *Time on the Cross* (with Stanley Engerman) shocked the economics and history professions and exploded into the public spotlight with evidence that slavery was a highly successful and profitable system. Fogel has continued to push the profession forward with his investigations of the role of religion in politics and the causes for the decline in mortality. His focus on the "big issues" has established him as perhaps the world's leading economic historian. Donald McCloskey has called him "the best historical economist since Schumpeter."

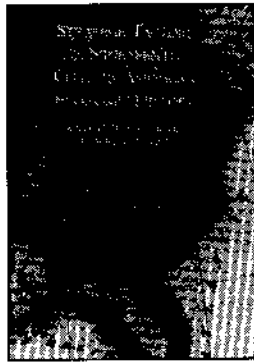
Fogel's most important and lasting contribution, however, is in method. He is at the center of a methodological revolution that has transformed economic history from a largely qualitative discipline to a quantitative, statistical one. Understanding the past now means measuring it.

Fogel is first and foremost an empiricist and positivist. Many of his publications are of an explicitly methodological nature, promoting and showing the viability of cliometrics, the use of econometrics to study the past. Viewed in this light, his applied research seeks to prove the viability of this "new" economic history.

By most indications, Fogel's program has been a tremendous success. The new economic history that he advocates now dominates the profession. The major journals have gone in the direction of this type of quantitative research. Fogel has directed 68 dissertations at Chicago, Harvard, Rochester, and Brandeis, and more than a handful of his students have become major contributors in economic history and leading lights in the profession. Many of his coauthors, colleagues, and fellow economic historians have been profoundly influenced by his work.

Fogel's influence on the profession is clearly shown in the pages of *Strategic Factors in Nineteenth Century American Economic Growth: A Volume to Honor Robert W. Fogel*, edited by former students Claudia Goldin and Hugh Rockoff. Like its predecessors *Long-Term Factors in American Economic Growth* (1986) and *American Economic Growth and Standards of Living Before the Civil War* (1992), the book is an attempt to investigate America's industrial revolution while avoiding all the controversy and confrontation associated with the study of the British industrial revolution. The articles are all written by his students, with his famous coauthor Engerman and former colleague McCloskey penning appreciations. The body of the text is divided into four sections that roughly parallel Fogel's applied research: labor, capital, demography, and political economy.

The book does contain tidbits of information that when carefully examined are valuable both to economic historians and economists engaged in "modern" debates. Kenneth Sokoloff and Georgia Villaflor found that "everyone" benefitted from America's industrial revolution and that wage differentials decreased, Howard Bodenhorn and Rockoff found that credit markets worked better before the National Banking Act of 1863 (of particular interest to modern free-banking scholars), while Michael Bordo, Peter Rappoport, and Anna Schwartz found that monetary factors, not banking practices, were



responsible for changes in lending that accompany the business cycle. Clayne Pope and John Komlos found that both life expectancy and average heights of free blacks fell during the late antebellum period, while Stephen Crawford established that two-parent slave families tended to enhance the owner's profits. Ann Carlos and Frank Lewis support Fogel's famous finding that government subsidies for railroad infrastructure did not contribute to the public good. Joseph Reid and Michael Kurth show that spending on public goods replaced patronage in city government as urban populations became wealthier and more homogeneous, and Gerald Friedman says that such spending helped politicians divide the labor movement.

While such tidbits are appealing, one needs to be very cautious in using such information. The method advocated by Fogel and the cliometricians — the use of large cross-sectional and longitudinal data sets garnered from original sources — sounds very impressive. Yet this method is fraught with difficulties, shortcomings, and pitfalls, and Austrians are particularly weary of its explicit positivist foundations. First, the data themselves contain several crucial problems. The data sets are typically incomplete samples requiring substantial extrapolation (i.e., guesswork) and cleaning up. Second, these data were not originally collected to test economic theory and often do not contain the necessary explanatory information. Most of the data were collected for some official government purpose (probate records, census manuscripts, licenses, taxes, and so on). While such records may be more thorough than other sources like business records, making them more appealing for statistical testing, they are not reliable as historical documents.

Careless application of the cliometric method to government statistics can generate numbers and results that are both misleading and dangerous. Test statistics generated to the fourth decimal place imply an exactitude unfounded by the underlying data. And despite painstaking efforts to the contrary, mistakes can and do happen. In *Time on the Cross* Fogel and Engerman dismissed sexual abuse of slaves in part because no slaves were listed as prostitutes in Nashville, Tennessee; in fact, the census manuscript for Nashville listed no occupations for slaves.

Some recent NBER volumes have suggested a renewed interest in economic theory, and Austrians surely have an intense interest in history. Yet readers should remember the fundamental rejection of economic theory that still underlies the empiricist methodology of the new economic history.

Requiem for Marx

Edited by Yuri N. Maltsev
Ludwig von Mises Institute, 1993

Reviewed by Peter J. Boettke

This volume is advertised by its editor, Yuri N. Maltsev, as “the most anti-Marxist collection ever published” in the scholarly literature, and this is not hyperbole. There have been major critics, both serious and silly, of Marx’s economics since the first volume of *Capital* was published in 1867. None of the criticisms leveled against Marx compares either in depth or fatality to those that have emerged from the Austrian camp. Eugen von Böhm-Bawerk’s *Karl Marx and the Close of His System*, for instance, is usually credited with having dealt a devastating blow to the analytical foundation of Marx’s theory. But the promise of socialism for a better world would not go away simply because of the analytical problems of price theory raised by Böhm-Bawerk. And neither Ludwig von Mises’s famous 1920 article or 1922 book, *Socialism*, which argued for the impossibility of economic calculation in the socialist commonwealth (perhaps the single most important insight generated in twentieth-century economic science), nor F. A. Hayek’s demonstration in *The Road to Serfdom* of the inherent totalitarian tendency of socialist economies (even if democratically sanctioned), could dissuade progressive intellectuals from pushing socialist schemes to save mankind from poverty, squalor, and ignorance. Today, despite the collapse of communist regimes in the late 1980s, a modified version of socialism is still the dream of many. Hope springs eternal for the idealist. As *Requiem for Marx* so aptly shows, however, Marxism

was never much of an analytical system, and the socialist system (in all its varieties) should never have been accepted as a progressive ideal.

Praxeology establishes parameters on our utopias. Through its principles we learn the limits of economic and social policy. Its teachings allow us to find the necessary conditions for economic prosperity and the continuing progress of the human condition (including the least advantaged in society). And what praxeology has established clearly is that nothing in the socialist project is consistent with the goal of increasing the welfare of the mass of citizens in a society. A few may benefit, but the masses suffer in economic misery and live under political tyranny.

Maltsev’s introduction does a wonderful job dissecting the rhetoric of the reform efforts in the former Soviet Union, and even the so-called “shock therapy” reforms of Yeltsin’s Russia. As Maltsev points out, “the Yeltsin government has proven another point: Gorbachevian socialism was not the only way to ruin an economy’s wealth-creating potential.” The Yeltsin program was not a market-oriented reform, but was directed at “restructuring the state regulatory mechanism.” Western intellectuals and politicians are thus ridiculous in blaming “market” reforms for Russia’s poor economic performance in 1992 and 1993 and for the public’s reaction at the voting booth in the fall of 1993. The idea, put forth by some of Russia’s political leaders, that the period of market romanticism has been tried and failed, and that it is now time to move to non-monetary means of economic control (read: wage and price controls) would be laughable were it not so tragic.

Contemporary political events, however, are not the focus of this volume. The main papers are by David Gordon (on the logic of Marx’s system); the late David Osterfeld (showing that Marx’s inability to distinguish between restricted and free exchange did not permit him to properly analyze capitalist relations, and therefore that Marx’s critique of capitalism is no critique at all); Hans Hoppe; Ralph Raico (both on the theme of class analysis and demonstrating how the libertarian “class” analysis provides a more coherent and powerful analytical tool for social analysis than traditional Marxian class theory); and Murray Rothbard (providing a brilliant intellectual history of Marx’s vision). These papers focus on Marx’s fundamental intellectual contributions, while Gary North’s paper provides an examination of Marx’s personal biography — some of which is quite revealing. I think the papers by Hoppe, Raico, and Rothbard are the strongest in the collection. Raico’s and Rothbard’s contributions are consistent with what we have come to expect from these two over the years — learned, well written, and at times (especially in Rothbard’s case) highly entertaining. Hoppe’s paper provides a good discussion of libertarian class theory,

CALL FOR PAPERS

Austrian Scholars Conference

The Austrian Scholars Conference, an international, interdisciplinary meeting of scholars working in the Austrian tradition, will be held at Auburn University, January 26-28, 1996. Special guests include Jo Ann Rothbard, Hans Sennholz, Anthony de Jasay, and London *Financial Times* writer Michael Frowae.

The deadline for proposing paper or session topics is October 1, 1995. Contact conference director Jeffrey Herbener, c/o Mises Institute, Auburn University, Auburn, Alabama 36849; (334) 844-2500; fax (334) 844-2583; internet jherbener@mail.auburn.edu.

with some illuminating examples drawn from the New Left historians of the 1960s and 1970s. In this sense, Hoppe's paper fits in with the 1972 collection edited by Rothbard and Ronald Radosh, *A New History of Leviathan*. Osterfeld's essay points in an interesting research direction, but ultimately promises more than it can deliver. Gordon's paper contains a few logical leaps that prevent it from possessing the analytical sting intended. North provides some very interesting material (like Marx's real income), and writes in his characteristic lively style.

A *Requiem for Marx* is more than a "Bronx cheer" for the Marxist system and the havoc it has wrought on humanity during the twentieth century. The book's arguments devastate Marx's teachings. It deserves a wide readership, which hopefully will include many of those who remain unconvinced of the merits of claims derived from praxeology. For many intellectuals, socialism remains a worthy ideal, one that mankind was unfortunately unable to live up to in practice.¹ This, of course, gets the problem exactly backwards: It was socialism that failed to live up to the worthy demands of mankind. The realization of mankind's demand for economic prosperity, political freedom, and a cooperative social order can only be accomplished under a system of private property and the unfettered market economy. A strong (and counter-intuitive to many) claim of praxeology is that the free market system outperforms all other coordination devices on both efficiency and fairness grounds. *Requiem for Marx* hammers this message home repeatedly, and as such is a worthy continuation of Mises's work on the economic and sociological analysis of socialism.

Note

¹See, for example, Ray Jenkins, "Socialism's Nobel Aims," *New York Times*, January 23, 1994, section 3, p. 13. ▲



Recommended Reading

DONALD J. BOUDREAUX
Associate Professor of Legal Studies
Clemson University

One of this century's keenest and most careful students of antitrust policy is Donald Dewey, emeritus professor of economics at Columbia University. In his 1990 book *The Antitrust Experiment in America* (Columbia University Press), Dewey collects many of his recent papers on antitrust, and he introduces them with an astute introduction taking stock

NOTABLE AND QUOTABLE

Mark Blaug, reviewing David Ranter Secker's *From Marx to Mises: Post-Capitalist or Anarchy and the Challenge of Economic Calculation* in the *Economic Journal*, vol. 103, no. 423 (November 1993):

"The Lange idea of managers following marginal cost pricing rules because they are instructed to do so, while the central planning board continually alters the prices of both producer and consumer goods so as to reduce their excess demands to zero, is an administratively naive as to be positively laughable. Only those who are not perfectly rationalistic, even egotistical, could have dreamed such a system. I was one of those who discovered it as a student in the 1950s and I can only marvel now at my own dimwittedness."

of the first 100 years of America's "antitrust experiment." Contrary to the view of too many economists, Dewey rightly recognizes that American antitrust legislation does not constitute the "Magna Carta of free enterprise." Dewey's exceptional technical skills are happily combined with his genuine wisdom in understanding the limits (and, therefore, the possibilities) of neoclassical heuristic tools. Donald Dewey does price theory in general, and antitrust economics in particular, the way they ought to be done.

William N. Butos and Roger G. Koppl recently explored "Hayekian Expectations: Theory and Empirical Expectations" in *Constitutional Political Economy* 4 (Fall 1993), pp. 302-29. Butos and Koppl offer an advanced understanding of Hayek's cognitive theory, showing when expectations will — and when they will not — "serve as reliable guides to action." The subtleties of this paper are too many to review here, but Butos and Koppl's fundamental point is that markets dominated by "big players" will promote less reliable expectations, and, hence, less order than will markets consisting of small actors.

Two essays in the May 1994 *American Economic Review, Papers and Proceedings* (vol. 84) are worth a look. One is Robert Nozick's "Invisible-Hand Explanations" (pp. 314-18). Nozick distinguishes between "invisible-hand explanations" and "hidden-hand explanations." The former are the well-known stuff of market economics (Menger's theory of the origin of money, for example), while the latter are the increasingly known subjects of public choice theory (for instance, analyses showing that seemingly undesirable outcomes of certain public policies are, in fact, the

planned outcomes of politically influential interest groups). Nozick then dispenses several provocative insights about the evolutionary origins of time preference and rationality.

The second essay of interest is Oliver E. Williamson's "Visible and Invisible Governance" (pp. 323-26). Williamson continues to develop his rich theory of the firm, emphasizing in this paper the important point that firms emerge within markets in part because of the need for fiat. Fiat is necessary because the real-world market is not, and can never be, so impersonal and so automatic that the necessity for creative human decision making is obliterated. Fortunately, Anglo-American contract law cooperates with this need for fiat by refusing to hear disputes between divisions within firms, although government courts would hear such disputes if the disputing divisions were two or more separately owned enterprises. (Williamson calls this legal practice "forbearance law.") That is, the firm itself "becomes its own court of ultimate appeal" for all disputes that occur internally. To this extent, less knowledgeable judges do not interfere with the decisions of more knowledgeable decision makers and owners.

WILLIAM N. BUTOS

Associate Professor of Economics
Trinity College

Comparisons between Austrian business-cycle theory and competing approaches are well represented by Rudy van Zijp's *Austrian and New Classical Business Cycle Theories* (Elgar, 1993) and John Cochran and Fred Glahe's "The Keynes-Hayek Debate: Lessons for Contemporary Business Cycle Theorists," *History of Political Economy* 26 (Spring 1994): 69-94. Ever since Robert Lucas started quoting Hayek, many have been intrigued by the question of linkage between Austrian and new classical cycle theory. Van Zijp's book addresses this important question by examining in detail the original works by Austrians (primarily Mises and Hayek) and new classicals and the large volume of interpretative work that has emerged during the past decade.

Cochran and Glahe's paper encourages researchers to pursue Austrian cycle theory because it represents a viable and distinct alternative to Keynes and to Keynesian (old and new) and classical (old and new) approaches. Of particular note is their emphasis on the importance of capital theory as a distinguishing feature of Austrian cycle theory. Cochran and Glahe see Austrian economics as a progressive research program for addressing questions in "economic fluctuations,



Donald J. Boudreaux



William N. Butos

economic growth, and the process of capital accumulation" and suggest that contemporary Austrians and mainstream economists alike reexamine and address the issues raised during the inter-war years by Mises and Hayek. According to the authors, the debates — and lessons not learned — during the 1930s hold important starting points for contemporaries, a

variation on Leland Yeager's claim that post-World War II monetary economics was a Keynesian diversion.

One of those nearly forgotten monographs on business cycle discussions during the 1930s is Alec Macfie's *Theories of the Trade Cycle* (Kelley, 1934; reprinted 1971). As noted in Brian McCormick's *Hayek and the Keynesian Avalanche*, Macfie's book made it onto Hayek's reading list for his course on Industrial Fluctuations at the LSE. The book is a quick and informative read that concentrates on Hayek and the "acutely virile Austrian analysis" of business cycles.

Jack Birner and Rudy van Zijp have edited *Hayek, Co-ordination and Evolution* (Routledge, 1994), which provides a panoramic view of Hayek's legacy in the moral sciences. The essays examine the Hayekian themes of "the role of knowledge in society, the notion of spontaneous order and the problem of complexity." The editors should be congratulated for assembling a collection of essays they correctly describe as "critical and creative rather than hagiographic ruminations." Besides Birner's thoughtful introduction to "Hayek's Grand Research Programme," seventeen essays (by European scholars except Roger Garrison and Gerald O'Driscoll) address and extend Hayek's contributions to economics, social and legal theory, and the philosophy of mind and science. D. P. O'Brien's closing entry on "Hayek as Intellectual Historian," which serves reasonably well as a summary piece for the volume, admirably overviews and assesses Hayek's scholarship. On the whole, O'Brien praises Hayek, although he accuses Hayek of seriously misrepresenting Marshall and Ricardo. The remaining essays are uniformly interesting and often provocative. Any reader interested in Hayek will surely profit from this book. I particularly enjoyed (even if I did not always agree with) the essays by Desai, Rosner, and van Zijp and Visser on issues and implications of the "knowledge problem" and Hayek's relation to recent enthusiasms in monetary economics. Together, these essays raise some important questions for Austrians. The entry by DeVries on Hayek's cognitive psychology is a welcomed addition in an area too long neglected by most Hayekian scholars. ▲



Notes and Transitions

Robert Batemarco, adjunct professor of economics at Marymount College in suburban New York City, is the book review editor for the *Freeman*, published by the Foundation for Economic Education. He also serves as Marketing Manager for Economic Analysis at a major New York-based apparel company. Batemarco taught a course in Austrian economics at Marymount in the fall of 1994.

Walter Block, professor of economics at Holy Cross, is guest editing a 1995 issue of *Cultural Dynamics* focusing on the economics of Ludwig von Mises. Block was guest editor of a previous volume of that journal (vol. 5, no. 3, 1992), which also centered on Mises and featured articles by **W. Duncan Reekie**, **Glenn Fox**, **Gary M. Anderson**, **E. C. Pasour**, **John Conant**, **Deborah Walker** and **Stuart D. Warner**, **John P. Cochran** and **Fred R. Glahe**, and **Laurence S. Moss**.

Robert F. Hébert, Russell Professor of Economics at Auburn University, spent the spring of 1995 as a Fulbright scholar in Paris, where he continued his research on eighteenth- and nineteenth-century French economic thought.

Volume 7, no. 2 of the *Review of Austrian Economics* (1994) features **Robert Higgs** on "Banning a Risky Product Cannot Improve Any Consumer's Welfare (Properly Understood), with Applications to FDA Testing Requirements," **Mark Thornton** on "Slavery, Profitability, and the Market Process," **Hans-Hermann Hoppe** on "How is Fiat Money Possible?" and **Murray N. Rothbard** on "The Consumption Tax: A Critique," as well as exchanges between **Leland B. Yeager** and **Joseph T. Salerno** on "Mises and Hayek on Calculation and Knowledge," and between **Barry Smith** and **David Gordon** on "The Philosophy of Austrian Economics."

Volume 8, no. 1 (1994) of the *RAE* contains articles by **Roger W. Garrison** on "The Federal Reserve: Then and Now," **Don Bellante** on "Sticky Wages, Efficiency Wages, and Market Process," **Walter Block** on "The Total Repeal of Antitrust Legislation: A Critique of Bork, Brozen, and Posner," **Joseph T. Salerno** on "Ludwig von Mises's Monetary Theory in Light of Modern Monetary Thought," and **David Gordon** on "Justice and Redistributive Taxation."

The newest volume of the *RAE* is volume 8, no. 2 (1995), featuring articles by **John Egger** on "Arthur Marget in the Austrian Tradition of the Theory of Money," **Jesús Huerta de Soto** on "A Critical Analysis of Central Banks and Fractional Reserve Free Banking from the Austrian Perspective," **Murray Rothbard** on "Egalitarianism and the Elites," as well as notes by **Walter Block** and **Nicolai Juul Foss** and a review by **David Gordon**.

The Mises Institute's Brown Bag Seminar meets Wednesday afternoons in the library at the Institute's Auburn University headquarters. Speakers in the Fall 1994 included **Mark Thornton** on "Who Destroyed Baseball?," **Peter Klein** on "Microsoft and the New Trustbusters," **David Laband** on "Ticket Scalpers and Other Heroes," **Thomas DiLorenzo** on "Taxing 'Sin,'" **Charles Adams** on "Tax Revolts in the Ancient World," and **Wojchciech Zeianiec** on "Mises and the Concept of Action." The Spring 1995 lineup featured **Mark Brandy** on "The Origins of the Income Tax," **Clyde Wilson** on "John C. Calhoun on Free Trade," **Roger Garrison** on "Reflections on the Austrian Revival," **Jeffrey Herbener** on "A Short History of Equality," and **John Wells** on "How Bad Charity Drives out Good." Other recent speakers included **Michael Hill**, **Lew Rockwell**, **Jeffrey Tucker**, **Doug Walker**, **James Kee**, **Shawn Ritenour**, **Patrick Allitt**, **John Denson**, **Charles Spindler**, **William Murchison**, **Gilbert Werema**, **Donald Livingston**, **Sam Francis**, **Paul Cleveland**, and **Keith Reutter**.

Among **F. A. Hayek's** lesser-known contributions is his research in psychology. His study of the theory of perception, first written as a response to certain theories of the philosopher Ernst Mach when Hayek was an undergraduate in Vienna, was only published in 1952 in his book *The Sensory Order* and has drawn little attention since. A recent obituary for Hayek by the psychologists **Michael J. Mahoney** and **Walter B. Weimer** summarize this aspect of Hayek's thought. See the *American Psychologist* 49, no. 1 (January 1994).

Jeffrey Herbener, associate professor of economics at Washington & Jefferson College in Pennsylvania, spent the Spring of 1995 as O. P. Alford III Visiting Scholar at the Mises Institute, where he directed the weekly Austrian Economics Workshop on money, capital, and interest theory. **Peter Klein** is conducting a summer workshop on Murray Rothbard's *Austrian Perspective on the History of Economic Thought*, and **Roger Garrison** will conduct a fall workshop.

Making Economic Sense, a new collection of **Murray N. Rothbard's** essays from *The Free Market* newsletter, will appear in the fall. Excellent for classroom use, the volume will contain more than 100 brief articles on applied economics and economic policy, including such topics as Clintonomics, privatization, health-care reform, Nafta, school vouchers, and taxes. Contact the Mises Institute for details.

The Mises Institute has a new home page on the Internet's World Wide Web, with information about all Institute publications and events, and including a full-text, searchable version of the *AEN*. Point your web browser to <http://www.auburn.edu/~lvmmises>. ▲