



## Episode 1,307: The Economist Ron Paul Wants You to Know

Guest: Bob Murphy

**WOODS:** Here we are talking at just about the end of the year. I'm winding down, and later this week, I'm planning to do an episode where I'm going to take a few, not academics, but just activists from the old Ron Paul revolution days, and reminisce about those days and tell our favorite stories, and kind of record that as like an oral history just for posterity, again, with people who were in the heart of it, grassroots people whom I got to know. And I think in that same kind of spirit, again, as we wind down for the year, not that I don't want to be intellectually rigorous, but I do like the idea of this more personal touch and anecdotal type of episode. So Bob, you are slightly — no one would ever guess it, but you're slightly younger than I am, as it turns out. Now, I meant that because you're much smarter than I am; not that I have this more youthful look [laughing].

**MURPHY:** [laughing] That's funny. I didn't even — yeah, you're right. That could have been interpreted —

**WOODS:** It could have been both. No, no, no, they figure you must have been on this earth for many, many years to have acquired all the knowledge you have. But so Bob Murphy. Okay, first of all, where'd you grew up? You grew up in New York?

**MURPHY:** Yeah, Rochester, New York, upstate New York.

**WOODS:** Okay, did you like that?

**MURPHY:** I mean, when you're growing up and you have nothing to compare it to, I suppose.

**WOODS:** Yeah, but when I was growing up, we were all complaining that we lived in a boring town, and then when we all grew up, we all decided, hey, actually, it's a perfectly fine town; I'd be glad to move back there.

**MURPHY:** Well, I'll say this. I don't know if this is what you're getting at, but in high school, I remember that we are all like, you know, just kids like to complain about stuff. And so yes, we were all complaining, and, *Oh, this place sucks*, and I thought we were all going to just go out of state to college, and so I ended up applying to Hillsdale College, which was in Michigan, and I was going to get out in New York City, and then most of my classmates were all going to local colleges, and I kind of felt like they tricked me.

**WOODS:** Yeah, yeah, yeah. Yeah, it kind of reminds me of George —

**MURPHY:** *Oh, yeah, Bob, we're all going. Don't tell Bob we're going to the local school.*

**WOODS:** Right, it was like George and Jerry pledging they're both going to get married, and then only George actually goes ahead and — So all right, so I guess what I want to know, fast-forwarding a bit, is first of all, how did you decide on Hillsdale? Because Hillsdale obviously has a reputation — for anybody listening who doesn't know, Hillsdale College is not a college anybody chooses at random. You choose Hillsdale College, you know exactly what you're doing and why you're doing it. So what's the deal with Hillsdale College? And I assume that's why you decided to go there?

**MURPHY:** Right, so the deal, for people who don't know, so Hillsdale is one of the few schools that doesn't accept government funding in any way. So even like students getting a Stafford Loan, I believe, even at that level, you can't go to Hillsdale College. And it goes back to — geez, I think it was in the '70s; it might have been the early '80s. I think it was the '70s, though, where the Department of Education, I believe, was asking — some federal government agency, I don't know which one it was, was asking all the colleges to report on their statistics in terms of the demographics of their student body for various affirmative action goals and so on. And Hillsdale said no, we're not turning that over, and it went to court, and it was ruled that if even one student takes one penny of federal money in any way on Hillsdale's campus, then they've got to do what the government says. And so then Hillsdale said, okay, we're going to not accept such students. In order to help the students who had relied on that funding, they launched their own measures to fundraise. And so Hillsdale became famous in that regard, that they had big fundraisers and had a national campaign in order to raise money, because they were saying: we're standing up to Goliath here. So that's kind of how they're famous in conservative circles.

But the reason I went there was that, by my senior year of high school, I knew not only that I wanted to be an economics professor, but that I was going to be in the Austrian School, and Hillsdale had the personal library of Ludwig von Mises, and Richard Ebeling was there, and they had a whole program. My copy of *Human Action*, when I realized I needed to get a copy of this book, bookstores didn't have it. This was before Amazon. And I called around, and finally, I had to talk to the actual college bookstore at Hillsdale, and I had them mail me a copy when I was still in high school. So that's why I went to Hillsdale, Tom, was because of the Austrian thing, not so much because they were heroes in the conservative worldview, but it was for the Austrian connection.

**WOODS:** Okay, so now, let's back up a bit. But then also, you could say that at least a very significant portion of the faculty is also sympathetic, so it's not just that they have a hardcore administration; it's also that you'll find professors who, as you said, like Richard Ebeling, who can at least stand the sight of you, which is more than you can say for some colleges.

**MURPHY:** Oh, right, yeah. I mean Gary Wolfram was there too in the economics department, and he was a great guy. And yeah, very free market, and also too, it's hard to get back in that mindset to remember, but I know this is when it was really — like PC was a big thing, Tom. Remember, like, I think that really hit in the '80s, this PC craze, and then like the backlash against it. And so yeah, I thought that if I went to a regular college, I was going to get brainwashed with all this PC nonsense, and Hillsdale was one of the few places — I remember George Roche, who was the president, said in the opening speech as the incoming class was there with our parents — like so it was some kind of talk he gave to the newcomers before their parents drove away — and he said, you know, "And Hillsdale College is America's most

politically incorrect campus." And everyone was like, "Yeah!" So yeah, that was definitely a big thing as well.

**WOODS:** Now, here's the real question. Now we've got to rewind a bit. How is it possible that a high school student, especially in the days before the internet, not only knows he wants to become an economics professor, but knows the particular school of thought in economics that he intends to expound?

**MURPHY:** Well, I was kind of a weird kid, and —

**WOODS:** [laughing] No. No, come on.

**MURPHY:** Yeah, I know, I hope you were sitting down for that one. I remember, I think I was in seventh grade, and my doctor, the pediatrician that I'd been seeing, he was like, "So, Bob, what do you want to be when you grow up?" And at that point, I said, "I want to be a theoretical physicist" [laughing] — not just, you know, a scientist, but a theoretical physicist. And he kind of just pauses and was like, "Oh, well, that's interesting," and he kind of went on with his life.

So the quick story is my dad listened to Rush Limbaugh, and so he'd be driving me around and I would hear on the radio, and I distinctly remember this, that the issue was Rush was against handing out condoms in public schools — I know it's "government schools." Don't email me, folks — and his reasoning was that was going to give kids the implicit message that pre-marital relations is fine, and Rush predicted that would actually cause an increase in teen pregnancy and STDs and all that. So all the ostensible reasons for why they wanted to have these programs, he was saying, no, it's going to be the opposite. And whether you agree with that or not, that was the first time — and it was either my eighth grade year or maybe I was a freshman high school, I can't remember — hearing that, and that was the first time I'd ever heard someone say maybe a government program won't achieve its desired effects. I mean, I had gotten that far in my life.

Actually, one of my teachers loved FDR in eighth grade — social studies or history, I forget what they call it. Probably social studies — and I remember writing an essay like saying, "Haha, it's kind of funny how FDR is sort of like Adolf Hitler, in a sense." But it was ironic, like it was all a big joke that, you know, because we all knew FDR was great and Adolf Hitler was the worst man ever. And so I'm just saying I remember, in that mindset at that point, I thought FDR was great. I proposed in one of my classes to get rid of money. I was either in seventh or eighth grade. So I'm just showing you how quickly my worldview flipped, because I thought, oh, look at all the bad things people do, and kids were like, how would we get new cars without money? And I was all, oh, well, you could send in your request to some agency [laughing] — so I was like in favor of central planning as of junior high because I had gotten that far and literally never heard the concept that maybe just because the government wants to do something, it has a program for a certain thing, that that's what it will achieve. I heard that on that Rush Limbaugh program, and was like, *Huh, that makes sense*. And then my dad also got this thing called *The Conservative Chronicle*, so it was this print magazine, and it compiled all of the op-eds from conservative writers that had — it was weekly.

**WOODS:** I used to get that. Yeah, and it had Walter Williams in it.

**MURPHY:** Yeah, it was great. And it had like, you know, Mona Charen, Cal Thomas, William Safire, all these names. I think Pat Buchanan. But yeah, the ones that I loved the most were the economics ones, so they had Walter Williams, Thomas Sowell, and there's another guy whose name is escaping me. I don't think the guy was a professional economist, but his stuff was like — you know, he'd be looking at like the Reagan tax cuts and that kind of stuff, and so I really loved those ones. And yeah, and so I realized it's something — I think I got *National Review*, and then there was some natural disaster, and somebody was commenting on it and said Henry Hazlitt must be rolling over in his grave because people were saying this natural disaster at least will be good for the economy. So the person mentioned that Hazlitt blew that up, and I was like, I've got to get that book. And so I got *Economics in One Lesson*, so that's really I think where the full transition started. And then I found the Liberty Fund book collection, and then at some point in high school, every Christmas, like, that's what I was getting, was all the latest batch of David Hume and blah, blah, blah from the Liberty Fund collection. And I don't remember the exact — I think Henry Hazlitt mentioned Mises in the foreword or the introduction or something in *Economics in One Lesson*, so that's what put him on the map for me. And then I got Rothbard at some point, and so that was the progression. So at first, I just knew I was a free market economist. I think I read Milton Friedman's *Money Mischief* before I got any other economics books, but once I started reading Rothbard and Mises, I knew, okay, yeah, I'm an Austrian.

**WOODS:** What was it about all this, not even necessarily just the Austrians, but about economics that appealed to you so much that you decided you had to devote your life to it?

**MURPHY:** Yeah, and like I say, because before then, I thought I was going to be a physicist. Like I loved Richard Feynman. I had been reading his stuff. My parents had a *World Book Encyclopedia* collection when I was like in sixth grade, and I was looking up on special relativity. That just was great. And that's what I thought I was going to do, and even in high school, my AP physics teacher was really urging me to go into physics. But yeah, I switched it. Economics captured my delight and attention even more. I think it was just the idea of the way everything kind of worked out naturally on its own, and how then the government would come in and try to tinker with it, and that would cause problems. Like just thinking through the logic of that and how stuff adjusted, and oh, here's the problem with the tariff, and look at what happens, and where was the free trade and these things, and what happens if gold is discovered here, and you know, Hume's price specie flow mechanism. I imagine it'd be like a biologist who just loved studying some pond in the ecosystem and seeing how everything all relates together, and the more you look at it, the more complex it is, and yet it's got this internal order to it. I think it was that kind of thing, where just studying the economy and how all the pieces fit together and that it was a lot more complicated than you realized, and yet, you know, it was so smoothly operating on a day-to-day basis, people take it for granted. That just really — I thought that was fascinating.

**WOODS:** Was the first stuff you read from Rothbard pure economics, or was it some of his more ideologically loaded material?

**MURPHY:** I think the first thing I read by him was *For a New Liberty*.

**WOODS:** Okay.

**MURPHY:** And I remember at that point, I was not — I wasn't an anarchocapitalist until college. [laughing] Some of the people at Hillsdale will probably be horrified to learn that Bob was a conservative/libertarian when he came here, and we turned him into an anarchist.

**WOODS:** Right.

**MURPHY:** And I remember reading *For a New Liberty*, and I was like joking — because my parents were in the kitchen; I can remember where I was in my house reading it — and I was like, "Whoa, this guy's against *all* taxes." And I remember too at the end of that, where Rothbard sort of takes on William F. Buckley, because Buckley would make some joke — I'm going to botch the quote, but something like: *Yeah, well, the libertarians are arguing over garbage privatization, you know, the privatizing of garbage pickup. We conservatives are fighting the Soviet Union*, something like that. And I actually kind of agreed with Buckley at that time, but it was only later that obviously it sunk in that, oh, yeah, Rothbard was right. So at that point, it was just I endorsed the free market arguments, but I didn't have enough history. I still kind of thought that, oh yeah, it was just people dawdling around and dithering, and that's what allowed Hitler to almost win, and thank goodness people came to their senses and that kind of stuff, and we need to stand up to the Soviet Union, they're trying to go over the world. So it was partly just my faulty history, but yeah, I hadn't thought through the logic of a privatized defense at that point. But yeah, to answer your question, I'm almost positive it was *For a New Liberty* was the first thing, and then I'm guessing *Man, Economy and State* was the next one, but I don't remember. I think I probably read that in college.

**WOODS:** Okay, all right. Because I remember I think the first thing I read was *What Has Government Done to Our Money?* because the Mises Institute sent it to me for free as part of the Mises U. stuff, so being a young cheapskate, of course I read the free stuff first. But then I wanted to read everything after that. And there were things that I read, where I thought, eh, I just don't think I could follow him on that, but yet, the boldness and confidence with which he advanced ideas that just shook me completely, I had to admire. So all right, so let's see —

**MURPHY:** Yeah, yeah, I mean, in terms of my worldview, I think the single book that influenced the most at that point was *Human Action*, because I mean, Mises even gets into stuff like, you know, here's the real reason the Roman Empire fell; it was the price controls. You know, like the Barbarians were invading for years, and they always got pushed back. Why was it they failed then? Because the price controls made people welcome them, and they moved out of the city. I mean, whether that's true or not, just the way that he just had an answer for everything. And oh, you know, no capitalist country's lost a war; I mean, it was only because of Lend-Lease, and all that that the Soviets could stand up to the Germans. I mean, it was just amazing. But in terms of just the lucidity of his writing, Rothbard's analysis — another big one, too, was I think it was called *Making Economic Sense*, by Rothbard. It was a collection of his essays.

**WOODS:** I did the index for that book. Let us never mention it again [laughing]. It's a great collection, though.

**MURPHY:** Yeah. And that one really — like an essay in there, like the relation between monetary inflation and government debt and things like that or some budget deficits, I guess — and that was really great. Like, just the way Rothbard would crystal-clear go through and explain, in other words, does the government running a budget deficit, does that cause prices

to go up? Because a lot of people think that it does, if you're just looking in terms of aggregate demand. And Rothbard was real clear about, well, no, if the government is just borrowing money and it's not running the printing press, you know, that's just taking money from one sector and there's no — So anyway, he was just so crystal clear. Even when I disagreed with Rothbard, just the fact that he was so crystal — you knew exactly what his position was, so it was helpful even if you ended up not agreeing with him, you thought about it better having read his essay or his thoughts on some topic. So yeah, that was probably what made me want to, for sure, no, I want to be an economist, and this is the school I need to do it in.

**WOODS:** Ah, okay. Now, you not only wound up becoming an economist, but unlike a lot of economists, you write for the general public. You don't just write technical papers, although you've written your share of those. And you have a way with words. You're a good writer. And yet, those of us who, you know, kind of, let's say — I mean, you wanted to be a theoretical physicist, for heaven's sake, and I was planning to be a math major. And yet, here we are writing, when I'll tell you, when I was in high school, I hated writing. I wanted to commit atrocities when I would have to write something. And I was just, *Oh, English, oh my gosh. Give me give me my math problems.* I don't know, were you just — but I did well in English; it's just I hated every minute of it. Was that how you were?

**MURPHY:** Yeah, it's funny, now that you say that, yeah. It's a similar thing. Yeah, I did great in my coursework. Up through high school, I was a straight-A student, pretty much, but yeah, I relished the math and science classes, and the English ones I didn't like. And I'm trying to think. Also, too, I just had some bad experiences. Like, I remember there was one — it might have been *A Separate Peace*, but I can't remember. Like they make you read all these classic novels and stuff, and there was one where the kid, like his buddy, they're in a tree, and he kind of like either pushes him or lets him fall and breaks his leg or something. And I was just offering — we're all sharing our thoughts, and I said, I like the way the author motivated that, that you understood why the character did that. You know, even though it's a horrible thing — like I said, he either pushed his friend or refrained from grabbing the kid's arm when he was falling out of the tree, because, you know, he was jealous and all this other stuff going on. And I just said something like, you know, I really liked the way the author motivated that. You understood why the character did that horrible thing. And not only the classroom, but the teacher was looking at me, like I just said I was a serial killer. And, you know, I was like, what [laughing]? So yeah. And also with I think it was *Romeo and Juliet*. I just thought that was the stupidest ending, and I'm sitting there analyzing it, and going, look, the plan is their parents are going to think they're dead anyway, right? So then what's the harm in just eloping and leaving. And then it's like oh, because then they would disown us. And, well, if they think you're dead, how is that different?

**WOODS:** [laughing]

**MURPHY:** And instead of being like, "You're right, Bob, the bard actually slipped," she was just, "Come on, Bob, you've got to go along with the plan, and moved on. I was like — so, yeah.

**WOODS:** [laughing] That's good. That's good. All right, that's the Bob Murphy we know right there.

**MURPHY:** Also *Tess of the D'Urbervilles*, I had some problem with that, but I can't remember what it was now..

**WOODS:** This is a weird question, and this is not one you asked me, but it came up. What was Bob Murphy's social life like in high school?

**MURPHY:** [laughing] Okay, so – and I think we mentioned this, Tom, when I had you on my show, in terms of giving advice to the young folks. Looking back, it was actually – I was afraid of a lot of things, and I had a lot of opinions and thought that various groups of people didn't like me or whatever. And looking back, I realized that most of that was in my head. So I guess it was kind of like I would bounce around, like I could fit in with various groups, but I wasn't really part of any group, if that makes sense. Because, you know, kids would want to be nice to be in class, just for no other reason than to be able to look at my test or something and copy my answers, or on homework I would tell them how to do something. And I was friendly, and I'd make jokes or whatever, so I was a funny guy. But it wasn't like, oh, yeah, I was with this group of friends. There were a few people I would play cards with. That one thing that I did. And it was like, I learned how to count cards, and I got really good at shuffling and stuff. And it's like, on the school bus, I would always go in there with two decks of cards and have quarters to make change, and have like a little piece of paper about how much everybody owed me and everything. So there was a period there where that was something I was doing, like, that was a way to sort of relate to people.

But anyway, it wasn't like I got picked up on, because I was – I don't know if this matters, but I was also kind of big for my age. Like, I was kind of as tall as I am now in eighth grade, and so it wasn't like I was some little pipsqueak that you might have thought, oh, I'd get bullied. And also I was pretty athletic, especially like in eighth grade or whatever. I was good on the basketball team or whatever, so some of the stereotypes people might have didn't apply. But it was mostly, yeah, I was walking around thinking that I was a nerd, and therefore, people wouldn't like me or something. In retrospect, very little ever – there'd would be like one kid one time looked, and I got 100 on the test, and said, "Oh, you're a nerd." And I filed it away that every single kid in the class hated my guts, because that one kid said the one thing. So to answer your question, yeah, I was pretty much by myself most of the time, and in all honesty, I probably would rather have been reading Rothbard than going to the mall or something. But yeah, if I now could have talked to myself back then, I would have explained that no, the way you're analyzing the social situation is actually quite wrong, that a lot of these people, you know, you could hang out with these people and it's fine.

One last thing I'll mention is – because what happened, I noticed this dynamic, the few people that would say stuff to me, I realize in retrospect, they had earlier been hanging out with the kids that weren't very popular and then somehow got promoted. And then they were the ones that were making sure everybody else was going to stay down, if that makes any sense to you or to your listeners. Whereas the kids that were popular because they were good-looking and just really friendly and nice to everybody, they didn't care. They weren't threatened by somebody. Whereas if it was somebody who, for whatever reason, started out freshman year as not being very popular and then all of a sudden was hanging out with the cool kids two years later, those were the ones that might say something to me, and I would assume everybody at the table endorsed that sentiment when nobody cared one way or the other.

**WOODS:** And it's funny, after all this weirdness and awkwardness that, let's say, you and I endured all those years ago, the funny thing about it is I'll be on social media, and I'll, in a sense, overhear somebody's conversation where they're saying, "Oh, you'll never believe it; I met Tom Woods tonight." They'll say, "What? Are you kidding me? I am so jealous." And I think, *Oh, my gosh, if my high school friends could hear that* [laughing]. They'd say, "What? I saw this guy every day. Really, it was no big deal, everybody. Really, I'll swear to you, it was no big deal. He was a nice guy and everything, but that was about it."

**MURPHY:** Well, let me stop you and ask you this: do you think that that's just a mere coincidence? Or is it because you felt like that in high school that pushed you, and that's why now like — you know, you had to convince yourself — sort of like Michael Jordan not making the varsity team, and he's so mad about that, and that's why partly he became Michael Jordan.

**WOODS:** Yeah, I think it did. I think it did push me. And in fact, I'm currently right now reading the brand-new Ben Settle book, *Super Villains of Persuasion*. I'm reading it right now. And in there, he gives the example of Johnny Carson, and I hadn't known the story of Johnny Carson. Apparently, he had a very emotionally distant, loveless mother, who just showed no affection toward him at all. And the pain that that instilled in him drove him to achievement. It drove him to the top of the entertainment world, where A-list actors had to beg to be able to talk to him. I mean, he drove himself to that, because he was driven by the pain that he endured. And the point of this particular chapter is that if you harness it right, you can take pain in your life and make it into something positive, because it can be a motivational factor. And I think it was, in my case.

**MURPHY:** Oh, I thought you were going to say you should withhold affection from your children if you want them to succeed.

**WOODS:** [laughing] Well, I'm doing a terrible job of that, if that's the advice. All right, so you're in college. I remember you saying — because I was at an event, one of your Night of Clarity events in Nashville, and Richard Ebeling, who had been your professor, was one of the speakers, and I was one of the speakers, and I heard how you introduced him. And you said you were just blown away by this guy. He'd just get up there with no notes. He would *blah, blah, blah, blah* about everything under the sun, and you were just blown away by this guy. What's the most important stuff that Hillsdale does for you that takes you into that PhD program that makes you into "certified economist and Keynesian slayer" Bob Murphy? What's the major piece that Hillsdale is filling in for you?

**MURPHY:** Well, let me just mention a few things that are popping into my mind, and I apologize if anybody who was my professor at time hears this and I don't mention you or something. You know how it works. It doesn't mean you didn't help. But yeah, so Ebeling for sure. I took a million classes from him. I think my senior year, I think I might have taken three classes from him simultaneously, because he taught the Austrian sequence in the history of thought. And so yeah, he was, like you say just amazing in terms of just getting up there and knowing dates and everything and just talking about personal details about people's lives and whatever. And also, he was a showman. So like there was a government shutdown at some point. I guess that would have been, what, maybe with the Newt Gingrich thing if I'm getting my dates right. And Ebeling literally dances in the class. And it kind of awakes everybody up, and he's like, "There's a government shutdown, a government shutdown. I'm so happy." You know, just stuff like that, that it kind of was different from the normal conservative — in

other words, like the typical right-wing conservative didn't want the government to shut down; they just wanted the government to be run according to the Constitution, by gosh. You know, that kind of thing. And so just things like that really struck me.

And then Gary Wolfram was also a big influence, because up till then, I was very naive, and I thought everybody in Washington just had faulty economic views and that it was just a matter of pure education. Well, no, I'm sitting here and I realize raising the minimum wage actually causes teenagers to not get jobs, and these senators who are voting to raise the minimum wage, they need somebody to tell them that. [laughing] Like, that's really how I thought. And Gary Wolfram, who taught our public choice class, just when he would get in there, and, he was just, you know, like, "Oh, who do you think, man, goes to these school lunch meetings? You think it's like the poor inner city mothers? Nah, man, it's the food vendors. Come on." And he was just so — and I went in and asked him after class one time about, don't these Congress people actually believe in this stuff? And he was just looking at me like it was the funniest thing he'd ever heard. And he was, I mean, maybe one senator. I don't know, but he was just looking at me like I was nuts. He goes, "No, it's the labor unions. Come on.",

**WOODS:** Wow.

**MURPHY:** That shook me. Yeah, he was — and he was just so — his attitude — and I was also impressed too, because Wolfram gave — I forget what they call it, but like when you were freshmen at Hillsdale and they made you go to this like series of orientation lectures or something when you first get on campus, and he gave one to the whole — I don't if it was the whole freshman class or the whole student body, but I mean there's a lot of people packed in this auditorium. And he was just mesmerizing. And so I was still of this mindset that, oh, if you're really smart, people don't like you, and so like he kind of just showed me that no, it's cool to be an economist. Like, you know how the world works, like you have a secret insight that other people lack, and you really know what's going on behind the scenes. And I realized like that's really cool, like somebody who knows this is what the politicians are really doing and you're getting screwed, I mean, that was the way he presented it. And of course everyone's on the edge of their seat, like what's this guy going to let me in on next? This is amazing. So that's kind of what I got from him, that element of it.

And then I guess Lee Coppock was my intermediate micro professor, and sort of just the mechanics of economic theory, just this sort of mathematical modeling and whatever. That was a component too that was necessary. Like I still liked the verbal Austrian stuff, but I could see, oh yeah, all right, this stuff, I can see where people are coming from. So again, I knew going into Hillsdale I wanted to be a college professor anyway, so it's not that that occurred because of Hillsdale, but that's certainly the fire — and also, the other thing from Ebeling, I had had no idea how awful the Soviet Union was. And we did in our competitive economic systems course, he had us reading excerpts from probably, you know, *The Gulag Archipelago* and other things like that, just to show you the horror. It wasn't merely, oh, gee, they're trying to central plan, and food production is down 2.7%. Like just realizing just how awful those regimes were, that's something too that I didn't realize going into that.

**WOODS:** When you left Hillsdale, you applied to various graduate schools. Was NYU among your top choices because of the Austrian faculty there at the time?

**MURPHY:** Yes, I'm trying to remember my mindset. So yeah, I University of Rochester was big. NYU was definitely up there. And I also applied to Chicago, and I didn't get into Chicago, but

my thing is, somehow I was late with the submission, so like I missed their official deadline by a week and I sent the thing in anyway. So now I'm almost in retrospect glad that happened, because now I can say, well, maybe I would have gotten in there if I had actually not stupidly missed the deadline.

**WOODS:** Right, yeah, it's not necessarily that they didn't want to accept you and – right, sure, you can interpret that how you like. So but you did wind up at NYU, and at that time, NYU was known for being an Austrian haven, because you had Israel Kirzner, who was one of the most significant Austrians of the postwar period. You also had Mario Rizzo. Who else was at NYU?

**MURPHY:** There weren't that many people actually at – I mean, so when I got up getting there, David Harper was in the – he wasn't running the master's program at the time, but he was connected to it. He would go the colloquia. But so there were people around, like Joe Salerno and Sandy Ikeda and Roger Kopple. That's where I met Gene Callahan. They would all come, you know, but they were – Young Back Choi was another one. But in terms of the NYU faculty, it was only – I hope I'm not forgetting anybody obvious, but yeah, I think it was just Kirzner Rizzo, and David Harper were the only ones at NYU. Occasionally, like if I was going to present something, once this nice guy that was a general equilibrium mathematical theorist came just to see my presentation. But yeah, typically that was the – so yeah, there was the Austrian colloquium that was weekly, but it was mostly people around the area would come to it. Most of the NYU faculty didn't know what the Austrians were and thought they were kind of weird.

**WOODS:** Ah, okay. Let's say something about this Austrian colloquium, because this is outside of class, apparently, but it's been going on for a long time. I think it still goes on even to this day, is that right?

**MURPHY:** As far as I know, yeah.

**WOODS:** And so you obviously went to that every single time? And was Kirzner there every time, and what was he like to interact with, and was he intimidating?

**MURPHY:** Yeah, he was extremely intimidating. Yeah, so it was a weekly thing. And by the way, just to answer – I didn't fully answer your question. Yes, the main motivation for NYU, besides just I thought it'd be cool to go to New York City, was that, yeah, they had an Austrian fellowship. So it was funding and whatever for the – so you had to get into NYU's PhD program on your own merits with your GRE scores and whatever, but if the normal program would accept you, then there was this Austrian fellowship that would fund you if Rizzo liked your application or whatever. So that that was one of the reasons. And obviously the legacy of Mises having been there and so on was also a huge thing.

Yeah, so this was a weekly colloquium. Rizzo would run it, and compared to some other things that I've seen, it was more – I don't know, if collegial is the right word. The point of the meeting was not to blow the guy up, the presenter, whereas in some workshops I've seen or heard stories about, that kind of is the deal, like it's trial by fire and in theory, the point is to sharpen it and to make sure that we raise the standards and make sure the best scholarship emerges. Whereas the Austrian one, I think it was more of a discussion, that you could obviously be critical if people thought the paper was totally wrong, but it was more a scholarly discussion among people, and let's discuss these ideas and –

**WOODS:** Can I actually jump in there, because the interview you did on *The Bob Murphy Show* with Steve Landsburg — or no, no, I beg pardon, not Steve Landsburg. David Henderson.

**MURPHY:** Yeah.

**WOODS:** Where they were talking about a similar colloquium at Chicago that was headed by Milton Friedman —

**MURPHY:** No, I think it was the Landsburg one.

**WOODS:** Oh, was it Landsburg? I was getting confused — yeah, that's right. He almost went to Chicago, he didn't. He was out at UCLA. All right, yeah, so never mind. That's right. So the idea was that they were sit there, there'd be a paper, everybody would have it, and Friedman would just go like this. He'd say, "Does anybody have any comment on page one? Does anybody have any comment on page two?" And sometimes you'd barely get through page three right and there'd be fighting and arguing about it [laughing]. But then what I loved was that — was it in that thing that — did Ronald Coase present his paper for the first time at that thing?

**MURPHY:** Yes, and apparently it went on until like 1am or something.

**WOODS:** Yeah, exactly. It was this thing where at first they were saying, well, I'm not sure about this; I'm not sure about that. And then as the evening went on, they started to say, you know what? Not only am I now sure about it, I think it's pathbreaking. And then they adjourned to somebody's home, and it just continued into the wee hours of the morning. And I thought, all right, I know the problems with the Coase theorem and everything, but just that intellectual experience, I'm envious of the people who were in that room.

**MURPHY:** Yeah, yeah, that was a good one.

**WOODS:** All right, I couldn't help interrupting just on this, because it reminded me when you were talking about places where they really wouldn't show much mercy, I thought immediately Milton Friedman going through your paper [laughing].

**MURPHY:** Yeah.

**WOODS:** You'd be thinking, *Oh, my gosh, just get me out of here* [laughing].

**MURPHY:** Yeah, so with this one — and I guess I should just step back and say — and I tried to bring this up with Stephen. He somewhat agreed. But to me, at NYU, I would notice when I would go to — so this didn't happen at the Austrian one. But when I would go just to the regular workshops that the other economists would hold and some outside person would come, and they'd go around the table, and you know, the first couple years there, you don't know anything, and that's partly something else too, that I'll impart to young grad students, and you get in there and it seems like everybody else knows everything and you know nothing and you feel completely stupid. One thing that I realized that helped me reassure myself was a lot of people are bluffing. In other words, people would be throwing around things and, *Oh, like so and so says in his '98 paper that JPE* — and you go read that, and you'd realize no, that's not what he said, you know? And so there was stuff like that whereas I started catching people bluffing, I got a little bit more confident and realized that yeah, just — in other

words, somebody would say something with confidence, such that if I had that tone, like it would be something that I would be willing to bet my kidney on, and yet this person was just throwing it off because it supported their position and whatever.

So what I did notice in those exchanges was that the people over the years that I'd realized like, oh, wow, the NYU faculty, that guy is super smart, whereas this guy over here, yeah, he's kind of a clown — the ones that I thought were super intelligent and really knew stuff were the ones that would normally just ask clarifying questions. You know, "You said here on page four that you assumed such and such. Well is that under this topology?" And you know and real technical, clarifying questions, whereas the other ones that I thought were kind of putting on a show like to let everyone at the table realize, *Haha, watch me trounce this guy*. And I thought about that, and it sort of made sense, that if the kind of person that goes through life just trying to learn as much as possible and interact with somebody over the years is going to end up being super knowledgeable and bright, whereas someone who just assumes that this guy's an idiot, I've got nothing to learn from him, well that guy probably hasn't advanced since he was 25. So I'll mention that as an aside. Again, I'm here talking about the regular workshop. That wasn't the culture at the Austrian one.

I did once present, Tom, a critique of the pure time preference theory of interest, and so there, you know, Kirzner was very much in disagreement with my thesis, and I do remember he would say, "Hey, you did some fancy footwork here," because I like just did some logical thought experiments to kind of say, well, Mises did such and such, but if we follow that to its conclusion, it means this. And I'd reached an absurdity, and he'd kind of say, "Oh, you did some fancy footwork here." And I remember in his office, he told me that, "In my experience, when you think you've found a mistake in Mises, just when think you've got him, you realize you haven't understood him at all."

**WOODS:** [laughing] Okay.

**MURPHY:** And he wasn't [laughing] — and I do remember, so he had marked up my paper, and I said, "Can I have it back?" and he was looking at it — because in other words, he gave me verbal comments. I was sitting in his office, and he was giving me verbal feedback on this draft. And I said, "Well, can I have the paper just in case I forget something?" And he goes, "Well, hang on. Let me check," and he was looking through and goes, "Because want to make sure I didn't swear you" [laughing].

**WOODS:** [laughing] That's great.

**MURPHY:** Yeah, so that was good.

**WOODS:** I thought only I had that problem when I'd be marking up Bob Murphy papers. I didn't realize Kirzner too.

**MURPHY:** And just in terms of the oral — just to get it down, in case this hasn't been recorded somewhere, so I was — I'm trying to remember. Kirzner did say that he didn't — because partly what I was doing in my critique of the pure time preference theory is I was attacking the a priori stuff, and Kirzner didn't care about that one way or the other. He'd just look at: time preference exists empirically and whether it has to, I don't care. And in general, I got the sense in general he didn't really care about the a priori stuff, that he just thought, you know,

just take Mises' economics. But then one time, though, he — and I don't remember why he told me this, but he said that he, Kirzner, had once asked Mises: how do we know that people act? And Mises answered him, "By observation." So do what you will with that, but I thought that was an interesting — and you know, Kirzner was telling me that in terms of the a priori, empirical, blah, blah, blah —

**WOODS:** Right.

**MURPHY:** So do that do what you will with that, but that's what Kirzner told me Mises said. I guess the last thing I'll just mention is I did notice in those colloquia that it was uncanny that I would read a paper and I would have one major point that I wanted to make, and Rizzo would usually ask the first question of the person, and honestly, like eight times out of ten, Rizzo would say exactly the thing I was going to say. So naturally I would say, "Oh, this guy Rizzo is was pretty smart."

**WOODS:** I always liked him. I mean, I don't think he knows me, but I always thought he was good. Like when I read his blog posts, half the time, I'm really cheering. You know what? There's still so much to talk about. We're just going to keep talking. You're going to have to reschedule your day a little bit, all right? You're going to have to rearrange your day, just a little bit, just to get a few more things in here, because we've only got you sort of in graduate school at this point. But I guess I want to know: all right, you get your PhD, you worked on time preference theory — and I've had people say in my private group that they would like to have a debate between you and Jeff Herbener on time preference theory on my show. Ad my response, I'm not kidding you, in that thread in the private group, that SupportingListeners.com group, I just typed in "Nerd."

**MURPHY:** [laughing]

**WOODS:** But I said I could see myself doing it if they would consent to it, but as a bonus episode, because that topic is nerdy, even for *The Tom Woods Show*. Is there any way you can take that down five notches and explain for the layman — and I mean, the layman. I want it lower than you think it needs to go — what it is that you're objecting to about the pure time preference theory of interest, because it seems intuitive to me?

**MURPHY:** Right, okay.

**WOODS:** Can it be done? All right.

**MURPHY:** I'll try. There's a few things. So one is —

**WOODS:** Well, do you want to first say what it is, say what time preference theory is?

**MURPHY:** Yeah, sure, that would be good, yeah. So pure time preference theory says that the phenomenon of interest in the market economy, why is it that capitalists, for example, they can invest a sum of money, and even without putting in their own labor or other natural resources, it seems like they get a flow of income over time? You know, where is that coming from? Why should that happen? And there are various attempts by other economists to explain that, and in the standard, mainstream tradition, one of the components of that is they think that it's due to the productivity of capital. And we don't need to get in the weeds on that.

There's a lot of nuance involved, but they think that that has something to do with it. And again, in NYU — this is partly why I did my dissertation, to figure this out, but in NYU, you know, standard mathematical economics models where, in equilibrium, if there's competitive markets, the wage rate equals the marginal product of labor; likewise, the interest rate is equal to the marginal product of capital. So that's the mainstream view. And so the Austrians, the reason they're calling it a *pure* time preference theory is they're saying no, that is totally, 100% wrong. The productivity of physical machinery, capital goods, that has nothing to do with interest. Interest is solely about the fact that present goods are preferred to future goods, end of story, period. And that, you know, everything else flows from that. So that's what the pure time preference theory is. And again, like why do they stress that word "pure"? Because they're saying the mainstream view, they think it's like an interaction between your subjective impatience on the one hand, and the fact that if you invest in longer projects, the physical productivity goes up. And they think that those two things interact with each other to give you the marginal rate of interest over time. And so the Austrians are saying, nope, it has nothing to do with physical productivity capital; it's all about subjective time preference. So that's what the theory is.

Some of my problems with it are, number one, it's a "real" theory. In other words, when you read Austrians, in at least the canonical expositions like of Mises or Rothbard — or Kirzner too. Kirzner's written a lot on the pure time preference theory. That's why he was so against my thoughts on this — that it's a real theory. In other words, they think it's about — you know, it's like a guy, like Crusoe, for example, you could talk about his time preference and what the rate of interest is. But yet elsewhere, Austrians are really adamant, or Misesians, at least, are really adamant about the fact that money needs to be involved. You know, you really have to have money prices for a lot of these concepts to really make sense. And so that to me, I think interest should be defined as it's the rate of exchange on money over time. In other words, that's clearly what interest is in day-to-day transactions, and so it's weird to me that the Austrians want to abstract away from money and say, no, no interest is something else, it's about this thing called time preference that we could define outside of goods.

And that relates to the second big thing, which is that — there's no way I'm going to be able to this, Tom, verbally here, but the way people try to define what they mean by time preference, if you're not talking about money, I think doesn't really work. Like I can come up with different examples, like you've got apples and oranges and what if there's going to be a lot of apples next year, but not very many oranges next year? And so you'd give two to one for one fruit and one to two for the other over time. And I would say: what's the rate of time preference in that world? Like you really can't even define stuff coherently once you leave the realm of money. Like I said, normally, that would be an Austrian insight.

The last thing I'll just say out it is Mises actually ends up saying somewhere in *Human Action*, the logic of what he means by pure time preference or originary interest, he says something like, it's the ratio of want satisfaction in the present to the future, something like that. Like that's what the degree of time preference is, it's the ratio of want satisfaction or the happiness from want satisfaction, something like that. And so he's literally dividing subjective utilities, when he's explaining what it is. And so my point — yeah, I know what Mises was trying to get at there, but what I'm saying is the logic of time preference, when you really push it to say, what do we really mean by this, how do we abstract away from physical goods and so on to say — like, if you say, "Oh, do you want an ice cream cone now in the winter, or do you want it in the summer?" And if you want it in the summer, does that mean future ice cream is preferable to present ice cream? And people will say, no, it's got to be the same

good and — And so really, like you get backed into a corner where it's like this abstract thing of a present util is more valuable to me than a future util, and that's obviously a very neoclassical way of thinking. And again, Mises was literally driven in his discussion in *Human Action* to say time preference is the ratio of want satisfactions, which you shouldn't be able to divide those things. They're subjective, you know, ordinal magnitudes.

So things like that I guess is what I could say right here, Tom, is that it is coherent in a mainstream neoclassical model of cardinal utility, I can define quite clearly what I mean by pure time preference. But in the Austrian tradition, I think there's a lot involved. And also, you don't need it for anything. Like I have an analogy where I say we could come up with proximity preference, and we could use that to explain shipping costs and say, other things equal, people prefer goods to be closer rather than farther away, and I call that proximity preference, because, after all, how could I consume something if it's on Pluto? You know, that kind of thing. And yet, we're able to build economics without having this notion of proximity preference, and I'm saying the same thing about time preference, that the way the Austrians use it, you don't need it for anything. You could have preferences about stuff. You might like red goods more than green goods. We don't talk about color preferences. Yeah, if I liked this particular apple available right now more than another apple available next year, that's fine. But if I want a future ice cream cone more than I want a present ice cream cone, why can't we just say that? I don't know why we have to bend over backwards and say, oh, no, actually, we always want the present thing first, but it's offset — I mean, I think it's unnecessary.

**WOODS:** Would you be willing to talk to Jeff about it if we had a little exchange?

**MURPHY:** Nerd.

**WOODS:** Yeah, I know. It's your topic.

**MURPHY:** [laughing] Yeah, yeah, of course I would.

**WOODS:** All right, so maybe, maybe, maybe somewhere down the road. All right, I've got a couple more things. You were a professor at Hillsdale for several years, which must have been interesting to be on the other side of things. But although you and I haven't talked about this period of your life all that much, I always got the sense that you were not that happy with how those years went?

**MURPHY:** Yeah, I don't know. It's, I think, partly — it was, again, like the thing with high school or whatever, you know, with everything looking back, it's almost like, yeah, all the stuff that I was worried about and whatever at this period of my life, really 95% of that was silly, and I should have just relaxed and had a good time and enjoyed the moment. So that's basically true of everything, and looking back on periods. But yeah, I really — boy, I don't know. The classes, I would try to make the classes fun, like to get kids debating stuff. Like, I would try to be real provocative, like to say, hey, if a business is going to hire a secretary, so if the owner thinks that hiring somebody who can't type as fast but is more attractive, is going to bring in more business, should they do that? You know, and I was trying to get like the frat guys to, you know — I was trying to do something. Or I was talking about drug legalization or whatever, you know, just trying to do provocative things to wake the kids up to get them — you know, it was really it was like, *Yeah, is this going to be on the test? What do we have to write down on the test to get an A?* I'm exaggerating a little bit, but it really was tough for me — I think maybe what it was, I kind of thought everybody in college was going to be like I

was as a student, and I realized that no, that that's not it. There were just a handful of students that really were as interested in that, and there was a lot of people who just, you know, they were business majors, and they had to take an economics class. So again, maybe a lot of that was just my own fault and that I needed to figure out a different way to motivate them, but yeah, I was a little bit let down, that my experience was not what I thought it was going to be going into it.

**WOODS:** So ever since — now, you wound up at Texas Tech University in recent years, but for the most part, you've spent most of your career just working in the private sector, doing consulting and doing some academic-style work and giving lectures and things of that nature. And there are pros and cons to that, and it's not easy work to get. But if you get it, it has its advantages, I suppose. Part of that is because you would not teach at any college where the money was derived from tax payments, because you've just felt morally conflicted about that. So you decided, well, if I'm not going to be at Hillsdale where that wasn't the case, then I'm going to be out in the private sector. Do you have any reflections as you look back over those years of your life?

**MURPHY:** Yeah, I can say a few things. And let me just clarify on that, about the issue of not working and taking money that's directly coming from tax payers. There's a whole spectrum there, just people would say, "Okay, well, if you were in the Soviet Union, Bob, would you not eat food because it came from the state?" And yeah, I would definitely eat bread from the government if I was growing up in a communist country, and yes, I use roads, and yes, I use the post office and so forth. So it's not that I'm saying, oh, anybody who does take taxpayer funds is a hypocrite. That's not — I'm just saying, for me, it did just did seem weird that I was going to say, okay, in my writings, I'm going to say that the state is basically a mafia group or something that's just more legitimized in the eyes of the public. And it just seemed, if I was giving a public talk, and some guy in the back, said, "Yeah, but don't they pay you?" and I just felt like, if I had to go, "Oh, but" — and like, you know, I would have to just leave the podium. So that was partly the motivation there.

Yeah, and what ended up happening was, as you say, Tom, yeah, I tried to get into the financial sector, actually, that's where I ended up working for Arthur Laffer's firm; it took me to Nashville. And what was nice about that was everything was fast paced. Like, if you actually had clients who were paying for something, you couldn't just dawdle and get back to them in three weeks. Whereas in academia, it's so stultifying and just how slow everything works, and even for like nonprofit think-tank type organizations, they were a little bit better, but even there, still, it was somebody would be working on an op-ed, and, oh, maybe I'll get it done next week or whatever, and like, I wanted to bang stuff out. So that was sort of the benefit of working more in the private sector. The downside is, if you're working for paying clients like that, maybe you'll do studies and things of that nature, but in terms of, *You know, I had this idea about something and I just kind of want to go do some research, go to the library and spin it out, and maybe a few scholars around the world will like it* — you know, nobody's going to pay you to do that, except under very unusual circumstances. Generally speaking, the freedom of what you can spend your time on is more circumscribed if you're working in like either the straight-up private sector or for a nonprofit that's kind of funding more academic, educational pursuits. Even there, there's going to be some interplay between what do you get to work on in your day-to-day job. So, there's pros and cons.

It's the kind of thing where I'm extremely happy, and as you know, Tom, I'm a believer and I really do think — I'm not trying to be cliched, that looking back, there was a plan to all this,

even though as I bounced around at various points, I may have thought, *What the heck? This wasn't what I expected it to be, and I guess I'll go try this.* But looking back, where I am right now, in terms of professionally, I'm very happy. I would not trade what I'm doing now and the opportunities I have for any of the other previous positions I was in by any stretch. And if you had told myself 15 years ago exactly what things I'd be able to do, what opportunities I would have and so on, I wouldn't have believed it would be possible, especially when the path I took, bouncing around or whatever, was not a conventional one. So, I'm grateful for that.

And I learned something at each stage, as well. So at Laffer's firm — you know, when I was still at Hillsdale at that point, like if you had said, "Hey, what do you think's going to happen with what the Fed's doing with the economy?" I would have said I have no idea. You know, I can draw supply and demand curves, I can teach you about the effects of run control, but you'd have to go talk to an investor about the stock market or something. And what I learned in the time with Laffer and seeing him debate people on CNBC or whatever, and all these things, people who do invest for a living, they do get research reports from people, and I realized that, as long as you're honest or whatever, and maybe just point out the limitations of other people — so in other words, people are out there giving information, and so if you think what the conventional wisdom is, is wrong, then you can speak up and try to explain that. And I think that's doing a service, so that's partly what got me to be more willing to speak on things outside of the airtight, *Oh, I can tell you what this particular model says* — So, you know, there's a problem, you can be wrong, and I've made some mistakes in terms of commenting on what I thought was going to happen with the economy. But on the other hand, it's kind of like, well, if everybody just didn't say anything whatsoever, then the people who don't have any knowledge of economic theory are going to be the ones talking about things, and that's not good, either.

**WOODS:** A couple more things I want to try and trespass on your time for. But one would be: how has your thinking evolved over the years? I mean, when I look back at myself, I can think — I mean, obviously, we know you started off listening to Rush Limbaugh and that kind of thing. But I mean, just in your own field as an economist, are there areas where maybe you weren't necessarily wrong and now you're right, but you understand something more fully now than you did before? And is there an example of that?

**MURPHY:** Sure. You might call me a nerd again, though. Yeah, I can give you a real good one, that the issue of: does government debt burden our grandkids, right? So, you know, the government's going to spend \$100 billion today, and we could tax ourselves right now 100 billion and pay for it right now, or we could just borrow the money, and is there any legitimate sense in which that latter option is sort of kicking the can down the road and being irresponsible and making unborn generations deal with the debt? So that's a very common sort of Tea Partyesque view.

And for a long time, I thought that was wrong. I could sit there and explain why the government spending was wasteful and I don't like taxes and blah, blah, blah, but in terms of just the, on its own terms, the idea that running a budget deficit, does that make our grandkids poor? And I thought it was wrong, because I thought, look, it's largely a wash that, yes, the grandkids that are born down the road, if they grow up in a world where the government owes \$100 billion more, then that's bad. You know, they'll have to be taxed more heavily to fund the interest payments on that extra debt. But I thought, on the other hand, they've inherited \$100 billion of treasuries. In other words, somebody who lent the government money today for that \$100 billion deficit is going to pass those treasuries down,

and so what that means is, in that future world in the year 2080 or whatever, the government's going to tax an extra 20 billion for this interest payment from Americans and then hand it over to another set of Americans, to the extent that the debt is held internally, at least. And so I thought, you know, per se, just taking 20 billion from one group of people and handing it over to another group of our grandkids doesn't make our grandkids poor. So that was the way I thought of it, and incidentally, that's the way Paul Krugman still thinks of it. And it turns out that that's totally wrong, even though it seems to have a certain elegance to it.

And just real briefly, the fallacy there is, when you're saying the present people who lend the money to the government now have treasuries that the government owes them, to say they just pass that down the generations so that our grandkids grow up in a world where they have 100 billion more in treasuries, that's not necessarily costless. Older people who have Treasury securities, maybe they're going to sell them to the next generation of people who are now in their 40s working, and they're not just going to literally give them to them, and there isn't inheritance. Maybe they're going to sell them to them. So what ends up happening is that the grandkids grew up, and maybe they have to work really hard in order to get the older people who are just about to die to sell them their treasuries so that they can have their health care paid for or go on a cruise or something before they die. And so those grandkids had to work really hard in order to obtain those notes from the government that now the government is basically going to tax them to then give them the money right back to redeem those treasuries. So it's not a wash. They didn't get those things for free, necessarily. So that's the fallacy involved.

And I don't know if I've conveyed that properly here. I'll send you a link, Tom, for a better exposition of that. But yeah, that was something where I was sure I was right. I thought I had six different arguments to show that that was the correct way to think about it. And then it was from reading Don Boudreau and this guy, Nick Rowe, who were talking about a result that James Buchanan was big in combating that. And at first, I actually was going to write up in defense of Krugman on that point, and then I just realized, walking through the examples that Nick Rowe was bringing up; I was like, oh my gosh, I've been wrong. And I was like in a daze for two days on that, because it's just completely revamped the way I thought about it.

**WOODS:** All right, well, that's interesting. I knew about that episode. I think I was following that whole thing in real time on your blog. I guess the last thing I want to ask is, as you look at Austrian economics and libertarianism, what is a topic that comes up that you wish we had a better answer for? Is there one?

**MURPHY:** Well, in terms of libertarian theory, I think children is the one, because I think the problem is, libertarianism works great when you're dealing with people who have total agency, and there's a certain sense in which, yep, they get to decide for themselves, whereas with children, it's a gray area. And I think a lot of people rightly recoil from a strict application of, *Well, gee, I have a toddler, and he's sitting in his high chair in my kitchen, and I'm under no obligation to feed him, right? I'm not aggressing against him. If he wants to go out and get a job and go to the store, I'm not going to stop him, but who are you to tell me I have to go put food in that kid's mouth? That's my food.* To push to a certain extreme, one might think that's what happens with libertarian theory, and I don't think that's right. But on the other hand, I don't have a great answer to that. I think we've mentioned this like on the on the Contra Cruise, Tom. I'm concerned that I've seen a lot of people try to answer that, and I think they kind of just come up with ad hoc dodges, ways to try to get around that,

that, okay, well, I'm not sure that would apply to a comatose patient. Like they say, "Oh, well, you know, it's because the child is going to eventually grow up and become fully rational and legally responsible, and so that's why" — and it's like, okay, so if there's a comatose patient, though, that you know is never going to wake up, we can go ahead and harvest them for organs, right? And then they say, well, no. And then, well, why? So that's the kind of thing. I mean, I think a lot of these cases where it's just the armchair reasoning leads to conclusions that are shocking, and people rightly say, okay, there's something wrong there. But I have not seen a fully convincing exposition that fleshed all that stuff out.

**WOODS:** And incidentally, I've thought the same kind of thing, and I think Kinsella's done some good stuff on it. I did an episode — maybe I'll write this down. I did an episode on children for *The Tom Woods Show* some time ago, so I'll add that on the show notes page —

**MURPHY:** Let me real fast — where I think part of the answer might come from, and I mentioned this on the Contra Cruise, is I think there's cases where even under standard legal theory, if you're not in a position to — like if somebody comes in and slips something in your drink and you're just woozy, and then they take out a bar napkin and say, "Hey, will you sell me your house for \$1? Sign here," and you do in that state, I don't think a judge is going to uphold that. And so I'm saying, whatever the legal rationale is, to say you really didn't know what you were doing, you didn't fully comprehend, by the same token, some guy in a van pulls up and there's a two-year-old on the front lawn, and he says, "Hey, do you agree that you're going to come live with me and not with your parents anymore? And here's a candy bar," I don't think that we should say, well, you know, the kid made a choice, and who are the parents — they can't own another person. That's slavery. I think, you know, the law can say no, that two-year-old really just has no idea of the full ramifications of that decision, and so that's a sense in which that's not a legally enforceable decision. That's at least one way I could see where it's not totally arbitrary, and you could rule out some of the crazy possibilities, if you treated a two-year-old as if they were a totally rational 25-year-old.

**WOODS:** All right, Bob, look, I appreciate all this stuff, and it's good to get to know the whole Bob Murphy story, even though we really still only scratched the surface. But I guess the last thing would be: what are you the proudest of professionally?

**MURPHY:** Huh [laughing].

**WOODS:** You've never been asked that?

**MURPHY:** No. I guess let me give you two answers. And I'm not trying to dodge, but in terms of my contribution to Austrian theory, the stuff that's in my dissertation, my critique of the pure time preference theory and my attempt to replace it with what I say is a more Austrian theory of interest, I think it would probably have to be that. But in terms of — probably my book *Choice*, that that's something where I really think that I not only distilled *Human Action* down for somebody who says, *You know what? I just don't have the time, or, I've looked at the terminology in Human Action, the vocabulary that guy uses, and I'm not reading that.* Not only do I think *Choice* can work for there, but there's certain chapters where I think I filled in some gaps. In other words, I didn't say something that Mises didn't know, but I think I brought in some terminology or some thought experiments and explained what he had going on, particularly in the money and banking chapters, which without reading other stuff, you would not have gotten straight from *Human Action*, that Mises kind of assumed the reader knew that stuff. So in terms of Austrian economics, what thing is someone going to read down the road

that might have the most impact that I'm like glad, like if I get hit by a bus and I'm on the curb dying, would I say, "Okay, well, at least I did that," it's probably the book *Choice*.

**WOODS:** Okay, I was actually going to say *Choice*. If you stumbled on this one, I was going to tell you that's what it is. And incidentally, I've never seen, or very, very infrequently seen a book get so much academic acclaim, and it almost made me suspicious of the book. I couldn't get over this. Not only how many people and how prominent they were, but the effusiveness of the praise was just overwhelming. Well, obviously another one of your great accomplishments —

**MURPHY:** Oh, yeah, we actually sent out teams and got a bunch of blackmail material on all those people.

**WOODS:** What else could account for it? We do the *Contra Krugman* podcast together, but we've now got on *Contra Krugman* a book of yours that we can promote, that's called *Contra Krugman: Smashing the Errors of America's Most Famous Keynesian*. And that's got me doing the audiobook version. And that is a nice compliment to *Choice*, because *Choice* will give you a nice, good theoretical framework for understanding Austrian economics, and the *Contra Krugman* book will show you how you can apply this thinking to particular cases and particular controversies that arise. So I think the two work very nicely together in tandem. And if you check out [ContraKrugmanBook.com](http://ContraKrugmanBook.com), you will actually see Jeff Herbener's praise of you where he's just saying, you know, Murphy has taken his place among the master teachers in the Austrian tradition. I mean, it's just unbelievable. I mean, I would feel — exactly. I could retire and be very, very happy with getting that kind of praise. So that's that. We're going to put — there's too many links here. We'll get Bob's blog, which you should follow also, [ConsultingByRPM.com/blog](http://ConsultingByRPM.com/blog). All this stuff will be at [TomWoods.com/1307](http://TomWoods.com/1307). And I guess — well, no, I'm going to talk to you for *Contra Krugman*. I won't wish you a merry Christmas just yet. Well, for *The Tom Woods Show* audience, merry Christmas, but for the *Contra Krugman* audience, you will get wished a merry Christmas again in a few days' time. Thanks a lot, Bob.

**MURPHY:** Thanks for having me, Tom.