



Episode 614: Rothbard: The Genius and the Man, and How to Approach His Work

Guest: Joe Salerno

WOODS: What a great occasion to have you on, as a matter of fact. The publication — I guess it was a little while ago, but the publication of *The Rothbard Reader*, edited by you and by Matt McCaffrey. So here we are in 2016, and there's another Rothbard volume out there. This is presumably all previously published material, but some of it's kind of hard to track down, right?

SALERNO: Right. In fact, not all of it's previously published.

WOODS: Oh.

SALERNO: There's one piece on monopoly and competition that actually was transcribed from a live talk that he gave, so it's on tape, but it's in print for the first time. And there's also, there's another article called "The Chicago School," which was published in a very obscure volume known as strictly confidential. And there's a few other pieces that, as you say, were extremely hard to track down.

WOODS: Who's the intended audience of this book?

SALERNO: The intended audience, as we say in the introduction itself, is everyone from the novice who is first discovering Rothbard to the professional economist. So we've arranged the articles in a way that people can pick and choose if they wish to the easier articles and then go on to the more analytical ones. But also, it's also arranged for someone who has a background in Rothbard to progress through his various contributions to different disciplines.

WOODS: All right, so let's talk about some of what's in here. At the end you even have selections from his movie reviews, which he was also well known for. We'll talk about that at the end. But you're right; the pieces range from things like what has sometimes been called his economic journalism, these short little pieces on some controversial topic, and you read his brief take on it and you're instantly converted; and then you have some of his longer essays that have been really, really influential. Like you've got "War, Peace, and the State" in there — I'm just doing this from memory; I haven't got my copy in front of me.

SALERNO: Yes, that's true. We have a few pieces that are standard pieces that he wrote that many people know about that we're hoping that new people will discover, but for the most part we stuck to shorter pieces and pieces that, as you said, were more difficult to come by. I might want to add that when we started this book, I mean, we went through thousands and thousands of pages of his writings, and we thought we had it down to the bare minimum, but that turned out to be over 700 pages —

WOODS: Oh!

SALERNO: — which is much too long.

WOODS: Yeah.

SALERNO: Yeah, and we didn't realize it at the time, but our editor, Judy Tomlinson, then said we had to cut it further, and it was very difficult to winnow it down to a 300-page reader.

WOODS: No doubt. Now, there is a book that contains most of his key scholarly articles that is now called *Economic Controversies*. It used to be in two volumes under a different title. *Economic Controversies* is great for all that stuff and it's all in one place, but that's gigantic, and there was no way to winnow that down, because you really do want all those academic pieces in there. Let's see — look, there's stuff in here — because I did dig out my copy. "History of Economic Thought," "Economic History," "Money, Banking, and the Business Cycle," "Foundations of Social Science and the Free Society," "Principles of Economics and Government Intervention," and so on and on. There are some interviews with Rothbard that are very interesting. I want to actually ask you, though, a personal — I don't know if you feel like telling this story or not, but it's my recollection, you and Rothbard of course were both at the famous South Royalton Conference in 1974.

SALERNO: Correct.

WOODS: So here's the two-part question: first, tell us what's the significance of that South Royalton Conference, and secondly, is it true that you were recently married and Rothbard was knocking on your door or some kind of story like that? (laughing) I'm sorry to bring this up.

SALERNO: Yeah, I can answer both, the second one more reluctantly.

WOODS: (laughing)

SALERNO: South Royalton was extremely important, but not for reasons that many people will give you, including many Austrian economists. It was important because it brought together a big group of people who had been reading and studying Austrian economics in isolation. But many people claim that 1974 in June when South Royalton took place was the beginning of the Austrian revival. I thought about this a number of

years ago and wrote an article on this. In fact, I rethought the whole thing, and to me, the beginning of the Austrian revival started with Rothbard's spate of publications between 1961 and 1963, in which he published "Man, Economy, and State," "America's Great Depression," "What Has Government Done to Our Money?" The reason why I say that is by the time 1974 rolled around, why would anyone come to a conference on Austrian economics if they had not been acquainted before with Austrian economics, and in fact, their acquaintance with Austrian economics was through reading Rothbard.

WOODS: Yeah.

SALERNO: As I've said before, every attendee there was to a man or a woman a Rothbardian. So it was Rothbard that began the Austrian revival, got the ball rolling in the early 1960s. So this was the culmination of the beginning of the Austrian revival, where now we all met up with one another and a movement actually coalesced.

WOODS: Okay, so then I'm just curious about some anecdotes about Rothbard the man, whom you knew very well.

SALERNO: Right.

WOODS: Rothbard was very fond of your work. He was fond of your graduate work; he was very pleased with the work you did de-homogenizing Mises and Hayek. He would listen to now criticism of that work. He loved it. But what kind of flavor can you give us of the man himself?

SALERNO: Well first of all, I'm gratified that he liked my work, and he continually inspired and encouraged me. But let me just give you a few examples. One example was when he was writing his book on *History of Economic Thought*, we would meet in New York for lunch every few months when he was in town – he was at the University of Las Vegas at the time – so he would be very excited about something new that he'd found about the mercantilists being bums or crony capitalists and so on –

WOODS: (laughing)

SALERNO: – things of that nature. And so he would immediately start telling me about it after a little bit of small talk, and then after a while, it would be about an hour that he was going on, and he would stop and he would say, I'm so sorry, I haven't asked you how you're doing. And of course I would say, no, no, continue, please. I was actually getting a seminar from a master, a one-on-one seminar. So he was an extremely humble individual and didn't act as if he thought he was great or that he knew of how great and impressive he was as a writer and in person. So that was a wonderful memory that I have.

There are other instances in which the same sorts of things occurred. There was one case when I did first meet him, was in February of 1973; there was a New Jersey state libertarian convention, and I happened to be the vice chairman, so I was in charge of

the program, and I had invited him. And I thought that he was going to demand a large sum of money to speak, a large fee. And you know, we didn't have much money, and so I had just finished *Man, Economy, and State*, and I figure here's a great scholar who's going to demand a large fee. So in any case, when I spoke to him on the phone about it, he immediately consented to do it even before we discussed the fee. And I said, you know, we don't have much money, and so I was about to offer him \$100, and he said, I'll take \$75 to do it. So he came over for \$75.

So then when I met him, there were other people that were talking to him, and then finally I got him alone, we just were talking for a few minutes before he spoke. And he asked me what I did, and I said, oh, I'm a graduate student at Rutgers University in Economics, so he immediately lit up, because here was a graduate student that was interested in his work. And he began frantically searching in every pocket for a pen, which he could not find of course, and I handed him one, and he took my name and address, and he said, I'll have someone get in touch with you on Monday. This was a Friday. He says, there's a reading group in New Jersey. But to make a long story short, that Monday someone called me, and I joined a reading group – I think it was *Mises' Money and Credit* – and shortly thereafter reports got back to him that I was someone who was worthy.

I was invited to his apartment, and he more or less felt me out. He asked me a lot of question about what I thought and so on, and I remember at one point we were talking about looting. And so his position on looting was that, well, you could shoot a looter if he was coming into your store or onto your property to steal something, but you'd have to inform the police if he got the property and was running away. And I said, no, why can't you just shoot him down. And he goes, ah, you're someone I can have a conversation with.

WOODS: (laughing)

SALERNO: So anyone who's more radical than him, anyone who pushed the envelope even further, he loved, he loved to hear about it. It's untrue, as some stories have it, that Rothbard was very intolerant and never open to new positions.

WOODS: Yeah, I want to ask you about that actually, because today you know that even though Rothbard is deceased now over 20 years, he still has really vile detractors out there. And one of the things they say is that he was really, really vicious toward people who were his intellectual opponents. Just absolutely beyond the pale, and that that is why they don't like Rothbard. It's because of their pure moral stance about how to interact with other human beings. What do you make of that?

SALERNO: Well, these people, Rothbard in many cases would be very blunt when he rejected their work. I mean, he wouldn't be nasty or unnecessarily vicious. In fact, I remember once him telling me that he disliked a particular work by Thomas Sowell, who he liked as an economist and who was right in this case, who was attacking Samuelson, and as Murray put it, he was gratuitously nasty. He said, I like nasty when

it's warranted, but he said, I don't like gratuitous nastiness. So you know, that's one example.

But to get back to the main point, he once wrote a letter to me in which he said something like I love when people go beyond me. He said, just as I've stood on Mises' shoulders, he says, I look at people like you and Hans Hoppe and Walter Block as standing on my shoulders and going beyond me. So then he went on to say, the only time that I may lash out is when I see people putting forth positions that are regression in Austrian thought or libertarian thought.

So I guess to put it fairly, he was very hard edged – as he put it to me once. Once he read an article by me in which I mildly critiqued other Austrians, and he said something like, well, that was a very mild critique. He says, I tend to be a little harder edged. But he was harder edged when it came to what he saw was defending the truth. But as I said, I've never seen an instance in which he was gratuitously nasty or in which he was vicious. He was a very personable individual, and he adhered to scholarly standards in his criticisms. If you read any of his scholarly work, it's always very temperate.

WOODS: Now, you know I want people to read this *Rothbard Reader*. I'm going to link to it on the show notes page; it's TomWoods.com/614. And I think one of the ways to get people to read it is basically by continuing to ask you this type of question to get people intrigued by Rothbard himself. So I know that you've written something specifically – or at least you've spoken on the subject of the place that *Man, Economy, and State*, Rothbard's great treatise, holds in the history of economic thought. This is an under-appreciated topic, I think, because I think a lot of people feel like all the great advances were made before Rothbard, and Rothbard was just sort of a cleanup job, doing cleanup work, just putting a few last minute things together. What is your opinion of the significance of his work?

SALERNO: I think it's extremely significant. As I said, it sparked the revival. We have to back a few years. When Mises' *Human Action* appeared in English in 1949, what Mises was trying to do was to reconstruct the old Menger, the Mengerian tradition, the Austrian tradition, which had branched out through his disciples and throughout the English-speaking world in the 1930s. But then Keynesian economics came along, and also, which is underappreciated, sort of what might be called a general equilibrium approach to economics, which was mathematical in its formulation.

So Mises saw all of this, and between 1934 and 1939, he spent all his time writing what was to become in English *Human Action*. So he was looking backward and trying to reestablish this tradition and advance it – which he did advance it a great deal. But then in the 1950s, Mises, who was teaching a seminar at NYU, had a few students there – Hans Sennholz, Henry Hazlitt, Murray Rothbard for a while, Israel Kirzner, and there was just a handful – and the Austrian movement outside of that room was pretty much dead.

So what Rothbard did in writing *Man, Economy, and State*, which he began in 1952 or '51 I believe, and which began as simply a textbook rendition of *Human Action* and expanded into a huge, multivolume treatise — so what he did was to take all of what Mises said, Mises' overall praxiological framework, and immerse himself in the modern literature. So there are hundreds and hundreds of references to mainstream economics between 1950 and 1962 and actually later when “Power and Market” was added. So Rothbard was up on all of that literature. So what he did was, Mises had not really set out step-by-step the theoretical edifice of economics, so he set that out, he filled in the gaps in Mises, and then he also brought in a lot of the American and British literature that Mises didn't address in *Human Action* and updated it.

So it was that book, which was in 1962 when some of my elders started reading it, like Gerry O'Driscoll and Mario Rizzo and so on, and then a little bit later on in the '60s when I began reading it, it gave us an alternative to the current system of economics, the neoclassical, general equilibrium tradition. And so without that book, *Human Action* would not have sufficed to kind of spark the revival, so it was *Man, Economy, and State* that was the framework that everyone was thinking in when we came to South Royalton in 1974.

WOODS: Have you heard the claim that after *Man, Economy, and State*, other than some journalistic-style articles, Rothbard really stopped doing serious economics? He turned to history, political philosophy, or whatever, but he really wasn't doing economics anymore. Is there any truth to that?

SALERNO: No, there's absolutely no truth to that. If you look at the works that he wrote between 1980 and 1990, let's say, even before he wrote his *History of Economic Thought*, you'll find a number of books, books like *Mystery of Banking*, *How to End the Fed*, a number of other significant works — *The Fed as a Cartelization Device*, *The Myth of Neutral Taxation*, *Law and Air Pollution* — all these works that have become standard works all written in the early '80s when he was allegedly turning away from economics completely and becoming what many said was simply a libertarian activist. Okay, that's an outright smear.

WOODS: That was my feeling as well, so I wanted to get you on the record on this. At the end of the book, I mentioned at the beginning that you included some of his movie reviews, and he wrote a ton of them, so you obviously chose movies that are reasonably well known, but what do we get out of Rothbard from his movie reviews, and why did you include them in here?

SALERNO: Well, we wanted to give everyone a feel for the cultural foundations of Rothbard's libertarianism. Even though — he did write somewhat on the connection between culture and religion and libertarianism, but he himself was immersed in what he would call sort of the laissez faire culture of the pre-World War II period. He loved jazz; he loved movies; he liked the bourgeois lifestyle. He thought that was really the foundation or that gave the foundation to the ideas of liberty. So he was extremely — I mean, for him libertarianism wasn't a parlor game. For him libertarianism was

restaurants being open all night long so he could go out to eat or movies playing throughout the night or a variety of movies playing.

WOODS: Yeah.

SALERNO: He loved the culture that was generated by laissez faire capitalism, so it was a very deeply felt love of liberty, not just of liberty as some sort of abstract ideal, but of the fruits of liberty, as imperfect as our society was, that he saw being generated.

WOODS: Let me tell you, there have been collections of Rothbard's writing – for example, there was that book, *Making Economic Sense*, which is all his really short pieces that he wrote for *The Free Market Newsletter*, and then, as I said, *Economic Controversies*, all the major scholarly articles – but this really is the place that I would send a newbie at this point who wants to dive into Rothbard. And it is a little daunting to look at Rothbard's corpus of work and say, okay, I'll start in. It is a little daunting to know where to start.

SALERNO: Right.

WOODS: But this thing, because the pieces, they just leap off the page, the prose is like a fist coming through the book right at you, I'm just delighted to do it. Now, did you come up with this idea? I mean, who said we need to have a *Rothbard Reader*?

SALERNO: It may have been Lew Rockwell, that he thought, you know, the time was right for *Rothbard Reader*, and so we were going to start a series of readers for great economists. We have a *Mises Reader* coming forth and a *Bastiat Reader* and so on, but we kicked it off with the *Rothbard Reader*. So it was Lew's idea. But I must say that actually cutting down the articles, cutting down the reader from the 700 pages that it was – and by the way, that will be available soon as an eBook, so if your appetite is whetted by reading the shorter reader, the full reader as we conceived it will be available as an eBook later on.

WOODS: Oh, okay, good, yeah, because I mean –

SALERNO: Not too long.

WOODS: Right, because as an eBook it doesn't really matter what the length is at some point.

SALERNO: Exactly.

WOODS: Oh, well, isn't that great. All right, I mean, it is already available, the slimmed down version. People can get a print edition and if they follow the link on Mises and I'm going to put it at TomWoods.com/614, they can get the electronic version immediately and be reading it by tonight and not sleep and call in sick to work the next morning.

SALERNO: (laughing) That's right.

WOODS: That's the goal.

SALERNO: Yes, yes. And they'll be tempted to.

WOODS: Yeah, that's right.

SALERNO: It's wonderful.

WOODS: Yeah, it is; it is. I was so excited that you did it. It's very helpful. I think the pieces are extremely well chosen.

SALERNO: Thank you.

WOODS: And you should be very pleased with it.

SALERNO: Thank you.

WOODS: So Joe, thanks for your time today, and we are going to make sure — in fact, I'm going to send this out to my email list. I've got a lot of people on that list, and I'm going to tell them you're getting a free Rothbard book. If you don't go grab it, we're going to penalize you somehow. (laughing) So anyway, all right, thanks again, Joe.

SALERNO: My pleasure, thank you, Tom.