



Episode 700: How to Create 100 Octane Austrian Economists

Guest: Jeff Deist

WOODS: We have, by the time people hear this, just completed the Republican convention, and I did do an episode with Murray Sabrin on that because I thought, well, it is pretty topical, and although I avoid some topics that are in the news, this one I guess I've got to hit head on. We had a pretty good conversation. But I guess we're about to go into the Democratic convention in the not too distant future. Ugh, I can't wait until the whole thing's over, but when you look at Trump and you look at Hillary and you look at the people supporting them and the types of issues they raise and the way they raise them and the way they propose to solve them, what's a libertarian to make of it all?

DEIST: Well, it's very tough, Tom. I did not tune into the RNC. I tried to avoid it. I get my info from Drudge and from Justin Raimondo on Twitter and people like that, but my wife did tune in and watch a bit of it, and I have to say, a very, very bad show. I do get a chuckle, though, at this criticism of Trump that he didn't have W. or George Bush, Sr. or Mike Huckabee or any of these supposed luminaries in the GOP willing to speak at his convention, as though anybody wants to hear those complete bores ever again, and as though that isn't looking in the rearview mirror. I thought it was great that either Trump snubbed them or they snubbed Trump. It matters not. I think it's healthy for America to put those people, and Cheney especially, in the rearview mirror.

But you know, I get a lot of questions about this, about Hillary and Trump and who's worse, and I very much understand, and I think many libertarians do not understand the great benefit that Trump has provided in putting a shiv in the remnants of the modern GOP, and for that I think he deserves tremendous credit. This has nothing to do with his ideological outlook or anything else. So I get a little tired of people saying, oh, you're a libertarian for Trump, saying that not to me but to someone like Walter Block or Lew Rockwell. They're not understanding, and they're purposely not understanding.

Here's why I tell people that they can't get emotionally attached to Hillary or to Trump or even to Gary Johnson, that they, in my opinion anyway, shouldn't vote for any of those three. And it's very simple. At some point, regardless of who wins, regardless of your take on the "lesser of evils" argument – which applies equally to Gary Johnson, I might add – regardless of your take on that, at some point whoever is president is

going to order bombs to be dropped somewhere, and at some point the person for whom you pulled the lever is going to be responsible for a young child somewhere, probably in the Islamic world, laying there with his arm blown off or something like this. And I think that no libertarian ought to live with that or to give that his or her sanction.

So that's why I try very hard to be emotionally detached from this, to view things as they are, and to simply not vote, not as some great, noble gesture on my part, but just as a tiny drip, another drop in the bucket, hopefully, of people who don't sanction this whole sordid affair. It's unworthy of us, and more importantly, it's unworthy of our ancestors, the people who came here and worked much, much harder than we do physically to create this material abundance we still have around us, thankfully. So a very ugly show, a very bad show, and the best thing we can do, Tom, in my view, is to tune out.

WOODS: Yeah, that's — I think it's best in terms of the most productive thing you can do. It's also good for your mental health, because it's demoralizing, frankly, to look around and see that so many of your fellow Americans think a certain way. And particularly with the Republicans, I mean, they've had — I don't care if it's Trump or Cruz or whoever these people, they might have nominated Jeb Bush, whatever, whoever it is — these people have had eight years of Obama, eight years to learn something by watching Obama, by watching the federal government. They've had eight years to go to seminars, to be educated, to read books. And after eight years, the best they can come up with is we just need another guy who waves a larger flag to be in there. That's the best they can come up with. There's been no fundamental insight. Despite the fact there's information all over the Internet, one mouse click away, the best they can think of is, well, we just have to play the political game a little bit differently from the way that guy played it. You know, you need a whole shift in your thinking.

And that, if I may make a ham-handed segue here, that frankly is what the Mises Institute's Mises University program did for me in the early 1990s. When I got to the Mises University program the summer before my senior year in college, I was the vice president of the Harvard College Republicans. That's where I was when I got there. When I got out of there, it was only a week later, I was very much shaken. I was not immediately converted — although, actually, no, I pretty much wanted to resign as the head of the Republican club, or the vice president anyway. But eventually it sank in, took a while, but it sank in, and it changed me. And ultimately it was the catalyst that changed me. And now are we on year 31? What hear are we on for that program now?

DEIST: Yeah, we are on about year 31, and almost 35 years of the institute itself. But I'm curious in that pre-Internet age or early Internet age in 1992 how you managed to find Mises University and how you decided to come, being a young Republican, as you say.

WOODS: I actually saw an ad in a magazine, if you can believe that.

DEIST: Okay.

WOODS: And I don't know; it might even have been *Reason* magazine. There weren't a whole lot of libertarian magazines, and so I was getting whatever I could, because by that time I was at least open to listening to other free market-ish points of view. I had gone to another weeklong seminar the previous year that had gotten me thinking a little bit. And then I just, the prospect of learning economics for a week was so thrilling to me that I just immediately said I've got to do this.

And you know, I am on the 100th episode of the Johnny Rocket podcast, and I reveal this on that episode as well. I was talking about how I first heard about Murray Rothbard – now, I know I'm sort of interviewing you, Jeff, but I think when you're on the show we're just having a conversation. But I don't think I've ever told anybody how I first heard about Rothbard. You remember Bill Buckley did that long essay, *In Search of Anti-Semitism*, in the early '90s, and he criticized Pat Buchanan and Joe Sobran and *The Nation* magazine and one or two other people. And then they ran like a roundtable of responses to the essay as a special insert in a later insert of *National Review*, and one of the responses was they took Murray's wonderful John Randolph Club speech from 1992, and they just pulled the portion about Buckley and *National Review*.

And so I read this; I had never heard of Murray Rothbard before, but I read *National Review* cover to cover in those days. I was just a kid. So I read it, and here's Rothbard basically coming out as vastly more free market than Buckley, that Buckley was a total sellout of the movement, and my jaw hit the floor, Jeff. I thought, what? There's somebody more free market than Buckley? And Buckley's some kind of – I could not get over this; I couldn't get this out of my head. And then I put two and two together when I applied for Mises U. I realized, wait a minute. This Rothbard character is all over this Mises program. And so then I said, okay, yeah, I've got to check this out. So *National Review* actually drove me into the arms of Rothbard and the Mises Institute. So how about that?

DEIST: Well, I have to say that *National Review* and Bill Buckley in a very roundabout way have a lot to do with why the Mises Institute and Mises University exist. If we look back at the 20th century, around after the First World War, and especially getting into the 1930s, the Left took over completely academia, and what was left was the great remnant of what we now call the Old Right. And that was later attacked by the Buckleyite neoconservatives who wanted the Right to be obsessed with the Cold War and with the former Soviet Union. So in doing so, they jettisoned a lot of great libertarian principles that used to be considered part and parcel of being a right-winger in this country, and they created this sort of new group of academic and think-tank organizations that have come to dominate in the late 20th century, now 21st century.

And one of the bulwarks of that was to find a cohort of free market professors who were malleable on matters of war, on matters of welfarism, on matters of wealth distribution, that sort of thing. And so in a sense, both the conservative and libertarian

sphere attempted to make Hayek, Friedrich Hayek, who is of course a very great thinker and just a superb mind, they tried to make him into the safe Austrian. If you read obviously *The Road to Serfdom*, he talks about some things that make libertarians uncomfortable, like his willingness to entertain some sort of global government, for example, and then I guess about 15-odd years later he writes *The Constitution of Liberty*, where in some senses he doubles down in Part III of that book with his acquiescence to certain amounts of government intervention in the form of a safety net, in the form of national defense, so-called, etc., etc.

So I think that the Beltway really seized on this, and they really seized on Hayek, and this is something that even up to today organizations like Cato and Mercatus, they really push Hayek to the fore, and they grudgingly and slowly come to terms with Mises as a giant and as a great intellectual of the 20th century. Even Mises' greatest enemies, someone like a John Kenneth Galbraith perhaps in the past, maybe a Krugman today, would I think grudgingly admit his impact on free market thought. But because of his intransigence, both in terms of his ideology, his work, and his professional life, he never quite reached that level of acceptability of Hayek, and I think that a lot of the Beltway libertarian organizations and a lot of the Beltway conservative organizations went in a purposely Hayekian direction to be more palatable and to be less intransigent. And the Mises Institute was formed really to make sure that Mises got his due, that Mises continued to be read, that his works were kept alive, that his thought earned its rightful place in the free market pantheon.

And what's ironic is you fast forward, and we're kind of in the same situation today, Tom, with Rothbard. There are a lot of people who would like to see Rothbard's work and Rothbard's legacy sort of put off to the side and diminished, and we're working very hard to make sure that that doesn't happen, that Rothbard doesn't get the shabby treatment that they attempted to give Mises. So here we are in the 21st century; we're still fighting these same dopey battles against collectivism, against socialism — well, "dopey" in the intellectual sense; obviously very vicious in the practical sense. We're still trying to convince people of things that have been proven ad nauseum by thinkers and scholars far smarter than most of us.

But it's interesting that the schism that Mises and Hayek represented, that schism can still be felt today. And I think — obviously I'm biased and this is a personal opinion — but I think we are going to find that it is the intransigent thinkers, it is the most principled, the most unyielding thinkers who, maybe not in their lifetimes, but in the long run actually have the greater impact. In other words, is it tactically better to stick to a Hayekian approach and try to impact legislation or public policy in Washington, or is it better tactically to stick to a more radical Misesian or Rothbardian approach and really strike at the root of what ails us. Well, I guess that's an open question, and libertarians can decide for themselves, but obviously you know that I favor the latter.

WOODS: You know, I know it's not fair to Mises to put it quite this way, but in a way I feel like Rothbard makes Mises look like Hayek, if you follow what I'm saying. I mean, he is really, really, totally hardcore, and of course he puts these people off even

more. And I'm going to link on the show notes page of this episode — this is Episode 700, so it's TomWoods.com/700. I'm going to link to my talk on what I call the "anti-Rothbard cult." I actually delivered that talk at the Mises Institute as an informal series of comments. But you look at the think-tanks and the major outlets, and Rothbard is basically not mentioned or is criticized, whereas they just can't talk enough about Milton Friedman. Friedman, Friedman, Friedman, Friedman. Now, Friedman was a smart guy, and nobody takes his accomplishments away from him, but it's just odd that, as I said to Lew Rockwell once, for every 100 mentions of Friedman there are zero mentions of Rothbard. It's not like there's one to 100; there's nothing. He's just not a person.

And yet I remember when I first went to your Mises University program back in '93, they introduced all the faculty in alphabetical order, except Rothbard was out of alphabetical order. They introduced him at the end. And even before there was really an Internet or people could go online and find out about Rothbard, that auditorium of students, they stood on their feet and roared for Rothbard. And he's a guy who for most of his life was teaching in a school that didn't even have an economics department.

And yet somehow because of that intransigence, because of that hard work, he became that well known. And of course he had a falling out with *National Review* because he was anti-Vietnam War, anti-Cold War, and I have to say in all seriousness and humility, Jeff, that when I look at Rothbard's example in the '60s, I wonder to myself sometimes would I have been able to be that faithful to the ideas, or would I have just kind of downplayed the war issue and said, you know, they're good on the minimum wage, so I'll try and keep my bridges to them. He just didn't care about that, and he didn't care that he was writing for small newsletters after that. He just had to keep the message pure. It's impossible not to respect that.

DEIST: Yeah, absolutely, and I think when you come to Mises U. you will get a real flavor of Rothbard. I know you got to experience him live and in the flesh as a student. I can only imagine what he was like. I did get to sit in on one of his classes at UNLV, an evening class when he was teaching there in the early '90s, but that's the sum of my personal exposure to Rothbard. But from what I'm told, he was just absolutely indefatigable. He could just teach classes and talk to student until well into the night and always had a very cheerful, optimistic spirit. So it's interesting how his reputation has attempted to be sullied by some. But we always find that when people say, oh, Rothbard's this or Hoppe's that and you shouldn't read them — and nobody has to agree with everything Rothbard says or Hoppe says or Mises says. I mean, this accusation of cult-like thinking, well, if Austrian economics is a cult, it's the worst cult ever.

WOODS: (laughing)

DEIST: Because all we do is fight. I mean, Menger comes along and understands subjective value; Mises has to come along and correct him completely about applying that to money; Rothbard has to come along and completely correct Mises about utilitarian ethics. You know, there are these huge rifts and huge disagreements. So

again, when people try to denigrate a Rothbard or a Hoppe, despite obviously acknowledging their brilliance or their effectiveness as writers and thinkers, there's no requirement that says you have to agree with everything someone says. I'm not very comfortable with Rothbard on evictionism and the abortion debate, for example. Okay, that's fine.

And I often wonder if when people try to criticize or actually steer young people away from certain readers that they just don't read them more as a result. I mean, if I was a young person and some adult was telling me, oh, you don't want to read Rothbard, it seems to me that's the first thing I would read. It would be like reading Charles Bukowski or Hunter S. Thompson or something like that, the forbidden fruit, albeit of economics.

So the idea that we court controversy, that we're intransigent and that we're just doing this sort of thing out of spite when we ought to be sort of going along to get along and working with other organizations better to promote something, well, the question becomes, to promote what? And then the question becomes, has trying to influence public policy really worked? From where I sit, Austrian economics has grown tremendously over the last 30 years. Can you really point, at least at the federal level, to any great legislative successes over the last 30 years? There's been some minor successes I think at the state level with medical marijuana and the like, but it's awfully hard to point to a libertarian success in public policy in the last 30 years. You can point to a lot of statist successes. So I think people who think that compromise is the way to go need to be judged just as critically on results as they are on rhetoric and niceties.

WOODS: Tell me about what exactly goes on at the Mises University program, because not only is it something that students attend, but you've made it so that the general public can actually more or less, at least from their own homes, have the same experience that the students in the room are having.

DEIST: Well, look, if you come to Mises U. you're going to know more about economics in one week than you're ever going to learn in undergraduate econ classes. You're going to know more than 99% of the general public walking the street. So if you do nothing more than attend Mises U. in your PJs online here and there over the course of the week, you're already way ahead of the game, so let me put it that way. And frankly, I think the great thing about Mises U. is it helps some students identify a passion for economics and a desire to become an academic or professional economist, and it also helps some students identify a dislike for economics, the idea that this really isn't for me as a career path. So I think the time to do that or figure that out is when you're young.

But what you'll find in all of our classes is what's so tragically missing in university settings today, but not just at the undergraduate level, even in PhD programs, and that is this lack of awareness of the history of economic thought. When our profs come and teach, because they're Austrians, trust me; they're all painfully aware of where the Austrian school sort of stands in historical context. But you can go all the way

through an econ program today and obtain a PhD basically not knowing a single thing about the history of economic thought. It's as though econ students today are just parachuted into some neoliberal, neo-Keynesian island, where no other information and no history exists, and they just begin to build econometric models and learn a bunch of 700-level math and go from there. It's a real shame. It's an absolute tragedy. So you will find at Mises U. that our professors really imbue the classes with a sense of context. You know, here's what Hayek was saying; here's what Mises was saying; here's what Menger was saying, but in the context of the things that were going on around them.

And so we take the whole of economics; we break it down into some silos, some categories, just to help students wrestle with this beast; and I'm telling you, in just a week, you'll know more about money, you'll know more about real methodology in economics, not math methodology. You'll know more about capital and interest and the structure of production and business cycles and the roles of banks. You'll know more about Keynes and monetarists and supply-siders. Really a great week, and I think it changes a lot of young people's lives.

And from our perspective, Tom, we would rather bring, let's say, 150 kids to Mises U. and really, really reach and affect 10 of them, let's say, to the point where it changes their life, they go on to do things in the business or academic world that affect people — we would much rather do that than try to chase clicks on our website by having trendier content or sexier content. In other words, we really want to be the steak and not the sizzle. We want to be the more rigorous end of the libertarian movement, the economics end of the libertarian movement.

And in the end, where people say, look, to be an effective advocate for liberty you actually have to do some work. You have to actually know a little bit about what you're talking about, and that doesn't just mean spending your day on Instagram. There's a price to be paid for being a competent advocate for anything, and part of that price is to read some books written by some old dead guys who in most cases are smarter than the reader — no offense — and to learn something. Academic rigor and intellectual rigor, there's no substitute for it, and if you want to see what the opposite yields, go look at the Republican and Democratic conventions. What Ayn Rand used to famously call blanking out — there's a whole bunch of blanking out going on and a whole bunch of platitudes being thrown around, and the fact that our society, Western society is so gullible and so willing to fall for this crap is an indictment I think of all of us in our failure to do the work and to understand the concepts beneath it all.

WOODS: I love this week so much. I look forward to it every year. And it happens to be the case that Bob Murphy, who also teaches on the faculty there, and I have an expression that Bob coined for how you feel Saturday afternoon the day Mises U. ends, and he calls it Post Mises U. Depression. And I get it too. It's not quite recognized as a clinical problem, but I'm telling you, I feel it, that there's so much excitement and it's such a thrill, and then, ah, I have to wait another year for another one of these. I don't feel that way about anything else. I know this is sappy, but it's a very special time.

Now, you've made it possible for people to follow the lectures, get the slides, get the readings, and be taking part in it even from their own homes for 20 bucks. I have a special deal for my listeners — I've got it up at TomWoods.com/700 — where I'll pay the 20 bucks for you because I want you to get access to it, so you can check that out over there.

Judge Napolitano has been part of the program for several years. You won't get his content, because he doesn't allow recording, partly because he doesn't want his — you know, he's a professor at a law school when he's not at Fox. He doesn't want his students to be getting all the answers and finding out what he's teaching there. So that you won't get, but the students, an elite group of students are about to have a tremendous experience, because I, like you, have seen the judge on TV; we've heard him speak, and he's very impressive, but you haven't really experienced the fullness of the judge until you're sitting there in a law school-style seminar where he's walking around the room and calling on students and engaging them, and you say, this guy is in total command of this material.

DEIST: Yeah, he absolutely is, and what he teaches, of course, is a course entitled "The Constitution and the Free Market," and he gets into a lot of these famous landmark cases dealing with the Commerce Clause and how it's been interpreted in nonsensical ways, the General Welfare Clause, but also some of the great economic substantive due process cases that really changed forever and ever the legal landscape in America and allowed government regulation to go far, far beyond what was ever intended in Article I, Section 8. So we even have some lawyers who come and get CLE credit for attending. It's pretty hardcore, and as friendly as he is, he does ask people to stand up and answer using the Socratic method, and those of you who went to law school will be familiar with that. So pretty intense week, and we're very, very thankful, of course, that he comes here, that he's a member of our board, and that he's willing to do so much and give so much of his time. Another guy that we could call indefatigable, just like Rothbard.

WOODS: Absolutely. I'm so looking forward. I'm going to try to attend as many of his sessions as I can, because the past couple times I've been at Mises U. I've been busy with other projects, so during presentations I'm working on a book or I'm doing this or that. Enough of that. I want to sit and enjoy it this time, and I've already gotten the judge's permission to sit in on his sessions (laughing).

DEIST: Uh oh.

WOODS: My 13-year-old — but I'm not going to say a word. My 13-year-old's going to be with me, and we're just going to sit there and absorb it all, which is kind of fun, because I'm not sure I want to be called on by the judge, so I'll let the students do that. All right, any parting words?

DEIST: Well, again, anybody who wants to watch online, just come to Mises.org, and you can see all the info you want there under Events, Mises University. And also, be thinking about it if you're a young person or not so young person, be thinking about

your next summer. We have the occasional 40- or 50-something who comes to Auburn and spends a week with us, and we have the occasional stay at home mom or a truck driver who makes time in his schedule, that sort of thing. So while most of our students are undergraduates, we have non-traditional students who benefit as well. But the bottom line is you're never too young; you're never too old to be learning about economics, because it really is the stuff of all human action that underpins everything we do, and it relates to all science in that sense. So I really encourage you, and if you're listening and you have kids, high school or junior high kids, even, might benefit from at least some of the lectures. You can pick and choose, and the syllabus will be online.

WOODS: And what I will do is I'll link to the — because if I just link to one Mises U., then people listening to this a year later, that link won't be super helpful, so I'm just going to link to the Events page at the Mises Institute, because there'll always be Mises U. up there for the current year, the following year. You can find it; you can look at the schedule; you can look at the faculty at [Mises.org/events](https://mises.org/events), so I'll link there. Jeff, great talking to you, and looking forward to seeing you.

DEIST: All right, thanks, Tom.