



Episode 714: Roundtable on Rothbard, Founder of Libertarianism

Guest: Lew Rockwell, Jeff Deist, and Joe Salerno

WOODS: All right, Joe, I'd like to start with you. In terms of Rothbard's work in economics, I've heard it said that the people who were at the South Royalton conference in 1974, where the Austrian school really had its rebirth, everybody there was influenced by *Man, Economy, and State*, and that had been the glue that kept what was left of the Austrian school together. That's got to be one of Rothbard's major contributions: just holding the school together. But how else would you describe his contributions to economics?

SALERNO: Well, first of all, to a man the people at South Royalton were all Rothbardians. Every single one was there because they had read Rothbard's great works that he published in the early 1960s: *Man, Economy, and State*; *America's Great Depression*; and *What Has Government Done to Our Money*? His contributions to economics were monumental. Really what Rothbard did was to take the Austrian line of thinking that was more or less consummated in Mises' *Human Action* and go back and find others who were Austrians but were living in other countries — people like Feder and Wicksteed, people in Great Britain, the US — and then weave together all of their strands of thought into a complete edifice of economic theory. So what Rothbard really did was to update economics, and in the process, take into account all the progress that had been made in economics, in mainstream economics, since the 1930s when Mises and Hayek really pretty much stopped writing or were stopped listening to.

WOODS: I think, as a historian who has some background in economics, if his whole career had just been the book *America's Great Depression*, that would be a contribution we'd still be talking about today and we'd be honoring him just for that, because that's a great work of history. He makes connections I would never have made. He knows who's doing what and who's related to what person and who's working where and who's at what university. He's putting it all together. And he also knows, of course economics really well — he spends the beginning of the book going through various business cycle theories and why the non-Austrian ones have a lot of unanswered questions. That is a fantastic book, and that was released the same year Milton Friedman was releasing his own book that in its treatment of the Depression took people down really the wrong road — if I may just ask Joe to follow up just on that particular book.

SALERNO: Yes, the first sentence in Milton Friedman's and Anna Schwartz's book is, "This is a history of the money supply." So they're not focusing on the actions and motivations and expectations of human beings; they're focusing on movements in some macro aggregate, some aggregative figure, and approaching it as if this macro aggregate caused influences on other things. That is, the human element has really dropped out in the line of causation. It's not real history; let's put it that way.

WOODS: I remember — I mean, I've been reading a lot of testimonies from people who knew Rothbard in life and wrote about him shortly after his death, Bob Higgs saying that I consider him one of the great intellectual figures of our century and so on and on. Bob Murphy, who's written study guides to some of Rothbard's work says, "The older I get, the smarter Rothbard seems" — that as I go back and look, I'm learning more and more from him all the time. And in particular, I remember the story about Mises being told that Rothbard may have some disagreement with him on, let's say, monopoly prices, and Mises' response was, "Whatever Professor Rothbard has written is of the greatest importance." So when I take these testimonies and I put them against a kid on the Internet, I think I'm going to take Mises and Higgs and the rest of them.

I want to turn to Lew and Jeff and get your thoughts about Rothbard as a movement builder, because Justin Raimondo not long ago out in San Francisco after a talk he gave on that new Rothbard book, *Never a Dull Moment*, said that really, without Rothbard there would be no libertarian movement. I mean, there might be some people in the Republican Party talking about free markets, but would there be a libertarian movement? And what did you guys think about that?

ROCKWELL: I always thought when I saw Hans Sennholz, a great teacher, great man, that this would have been libertarianism in the Austrian school had it not been for Rothbard. So it would have been much more conservative, much more, how shall I say, not anti-state, especially in terms of military affairs, and circumscribed. Murray broadened things so — I mean, his scope of interest, and he was such an interesting guy, of course, as well as intellectually interesting. He just built the movement entirely out of his own head and his own personality in a way that it's a brand new creation, and so absolutely, while there were libertarians before Rothbard, he is responsible for today's libertarian movement. Even those who don't like him, even those who condemn him are heavily influenced by him, although they might not admit it. So yes, that's absolutely — Justin is right. Libertarianism is Rothbardianism and vice versa.

DEIST: The other thing, Tom, is that he's just so accessible, and there's just so much Rothbard out there to read. I mean, at this point who can recall who was the chairman of the Harvard or Columbia economics department in Murray's day? Who can even name the last five or six Federal Reserve chairs? How much influence does Arthur Burns have today? Whereas Rothbard, it's a great testament to him that he lives on and that he grows after his death.

And from my own experience, having an opportunity to go to UNLV and sit in on one of his classes and visit with him briefly, he was so open to his students, so willing to

come to a little off-strip place called the Stake Out, in Las Vegas, where Murray and sometimes Hans Hoppe would come with their own students on a particular evening every week. And on a personal note, a friend of mine, he wrote a wonderful, a beautiful short letter of recommendation for him to attend a particular law school. So this is not some ivory tower guy. This is someone who rolled up his sleeves and got in the trenches, so to speak.

WOODS: And I love the fact that you can appreciate him on so many different levels. You can appreciate his economic journalism, his speeches, his approach to the general public. But then you read his scholarly articles – and the Mises Institute collected them in a giant book called *Economic Controversies* – and you see the level he's coming from – not to mention, of course, if you read *Man, Economy, and State*, it's astonishing that he was writing this in his late 20s and into his 30s and published when he was 36. I mean, it makes the rest of us feel, I don't know, inadequate? (laughing) I don't know quite how to put it.

ROCKWELL: I was once at his house in Las Vegas, and he had just come back from the Western Political Science Association meeting, and so he had brought all the papers from the meeting, and they were stacked on the dining room table, and he at least went through and saw – just to see if there was anything interesting in them, and at least read in them, certainly skimmed, and some of them he read thoroughly, every single paper that had been delivered at this not-very-important meeting. That, you know – when you look at *Man, Economy, and State* and some of his other works, it's just, he was also totally familiar with the mainstream literature. I mean, he knew everything that had been written in the mainstream, so he didn't come at this from any kind of isolationist, if we can use that wonderful word in this context, position. He was so plugged into everything and everybody throughout all of history, throughout all of economics. And of course he was a great movie reviewer. I mean, a sports expert, knew everything about the Olympics, knew everything about basketball. What a guy.

WOODS: I want to say something about the Vietnam War, because he had to split with a lot of the right wing because of that, and you know, it would have been easy for him to just say, well, you know what, I'm an economist and I won't talk about foreign policy. But that would have been like telling Ron Paul to not talk about foreign policy. It can't possibly happen. So he becomes isolated from almost everybody, and yet he's trying to reach out to people who will listen. He's trying to build coalitions. But there was a time when – Walter Block tells the story recently at the Mises University program. Walter was saying that he asked Murray how many libertarians do you think there are in the world today, and Murray said about 25.

Now, almost anybody at that point would have said, I guess this doesn't work; it doesn't resonate with people; maybe I'm wrong. I mean, because Rothbard was – but yet he carried on. I mean, the fact that he was courageous enough, intellectually courageous enough to carry on under those circumstances, and then secondly, it is not fair to compare Rothbard to a lot of other people for a variety of reasons. For one thing, he's calling for no state whatsoever. I mean, it's easy – you know, relatively easy – to come along and say maybe we don't need this government subsidy or

that government subsidy, but he's saying all services can be provided on the free market. There are free marketeers who don't even accept that. He's demanding that you fundamentally change the way you think. That's extremely difficult to do. And the fact that we now have — I don't know what the number is, but many, many, many orders of magnitude greater than 25 people who are outright anarchocapitalists, nobody else did that. Rothbard did that.

ROCKWELL: Well, it's true. And to mention one thing about, if we could call it a good thing, about the Vietnam War, it got Murray his job at Brooklyn Polytechnic, because he — Brooklyn Polytechnic, now part of NYU, was an engineering school, not a great engineering school. The only place he could get a job — took him a while to get a job. And he ascribed it to the fact that they were all leftists, of course, like in every other university. But they all appreciated the fact that he was such a knowledgeable and passionate opponent of the Vietnam War, that he knew far more about all the issues, all the various people involved, all the government officials involved, that he was just a world class expert on Vietnam and the Vietnam War and the history of Vietnam. And they were all stunned by this, so they sort of forgave him his economics.

WOODS: I want to say something about — every once in a while you get some libertarian punk who writes an article about Rothbard, and I saw one recently saying we should really admire Friedman more, and Rothbard was "politically retarded." And I thought, well, this is not really the argument I want to be having, but as long as it's been brought up, let me take a look at it. And so I personally think, although it's an embarrassment of riches, that the Iraq War may have been the single stupidest war in American history.

So here's Milton Friedman on this question — not exactly a libertarian titan when being asked about this. He's interviewed and he's asked, "You describe the concentration of power as the greatest threat to freedom and thus to the economy as well. Many people judge the current war against Iraq very critically for this reason. You as well?" Friedman's answer: "A clear no. U.S. President Bush only wanted war because anything else would have threatened the freedom and prosperity of the USA."

ROCKWELL: (laughing)

WOODS: And then in another interview: "Do you agree" — here's his bold answer. He's asked, "Do you agree with President Bush that the actions in Iraq were necessary as part of our war on terrorism?" Friedman says, "I think you can argue either side of that. Where I do feel strongly is that having gone into it, whether we should have or not, we must see it through." Oh, well, there's a great libertarian position. And then somebody says, "Even if it costs some of our freedoms?" And he says, "There's no way to avoid a burden on your freedom. The costs themselves are a burden on your freedom. The restrictions that are necessary in order to get rid of the terrorists are a burden to your freedom. So there's no way in the short-run to avoid a restriction on your freedom, but if we're going to avoid a permanent reduction in freedom, we have to see this war through." Now, I'm telling you, that is more "politically retarded," if I may use that phrase, than anything all of us put together could possibly imagine. But Joe, tell us

about — and again, we didn't start this, okay? But Joe, what was Milton Friedman's view — so he's ridiculous on the Iraq War, a position that anybody could have gotten right. What's his position on Alan Greenspan, the absolutely catastrophic Alan Greenspan?

SALERNO: Actually, before I answer that, Tom, I want to talk about his position on the Vietnam War.

WOODS: Oh.

SALERNO: There's a myth out there that he was anti-draft and anti-Vietnam War. But in fact, he continuously lobbied to have the anti-Vietnam War/anti-draft people split the two issues. He didn't want the Vietnam War brought in on his — his rationale was, look, we just want to get rid of the draft. We'll complicate matters, we'll alienate people, if we also attack the Vietnam War. So he wanted people to shut up about the Vietnam War. He wanted to focus on the draft and having a professional army. Now, for what reasons I don't know, but he was not an outspoken opponent by any means of the Vietnam War, much to his discredit.

Now, let me talk about his position on Alan Greenspan. Friedman, from the 1980s onward, the great empirical economist got almost every single prediction, major prediction that he made incorrect. Just to give an example of that, from 2001 through 2006, he made a number of predictions about the US economy and how great Alan Greenspan was. In fact, he sat down for an interview with Charlie Rose in December of 2005, and as you recall, it was in April that the housing bubble more or less burst and started to go down. And he went on and on and talked about how great Greenspan was and how we have not had this type of good performance from the Fed and unprecedented prosperity in the American economy as we've had through the last 20 years under Greenspan or however many years it had been by that time.

So he's very pro-Greenspan, and he had a blind spot when it came to bubbles. In other words, his own theory only focused on what's happening to the CPI. Is the price level going up or down? And if it's staying stable or near stable, then, wow, the Fed is doing a great job. And then in January of 2006, he repeats this more or less in a *Wall Street Journal* article that he wrote, where he says that Greenspan has set the standard, has set the standard for all future Fed chairmen. He goes beyond that, and he says that no one has done what Greenspan has done, and that he himself has given up — that is, Friedman himself — has given up his focus on fixed monetary rule. He says if someone could be like Greenspan, we don't need a fixed quantity rule or fixed money supply. So he went back on positions that he held for many years, because he was so awed by Greenspan and his allegedly great performance.

WOODS: And needless to say, this of course helps to lend — if Milton Friedman supports him, then this lends credence to the idea that Greenspan is a free marketeer, and so if Greenspan later comes along and says, you know, I guess I just didn't understand the irrationality of markets, then, well, the free marketeer has been dethroned and demolished and smashed. Of course the free market people should

have been and were criticizing Greenspan, so this is a huge, huge problem with Milton Friedman. But before I get all the hate mail, I want to hear these points addressed. Yes, I know he was good on occupational licensing and the minimum wage. I get it. That's wonderful, and I know he was a good debater, and he could speak very well, and I don't take any of that away from him. But if we're going to be criticizing Rothbard by comparing him to Friedman, I mean, these whoppers — I could excuse almost anything of someone who at least doesn't make these errors. Jeff and Lew, again, how would you deal with this whole Friedman versus Rothbard question?

DEIST: Well, it's interesting that Friedman is put up by a lot of people as the more politically palatable of the two, and Rothbard the purist who can't get anything done, who can't get out of his own way. But if you look back at what he did in his career and in his lifetime, he was far more willing to reach out across ideological lines, across party lines, to anyone who might share a libertarian perspective on a particular issue. And if anything, I think at the end of the day that Milton Friedman was derided by the Left and seen by the Left as a puppet of the right wing and a puppet of corporate interests or business interests, and so in that sense, a vast swath of the country did not take him seriously as an economist, however much he might be beloved in conservative and libertarian circles.

So I think time and hindsight gives us the opportunity to say, well, who really was more effective, and whose legacy is greater, and especially when you consider some of the things that Milton Friedman was involved in, like the withholding tax? I think in hindsight Murray's looking pretty good, and we see that movements have to be ideological. They have to be principled, and that Republican Light has gotten us nowhere.

ROCKWELL: Well, of course, it's exactly true, and Friedman was a brilliant guy, but he was also — and this is another way of defining politically ineffective — he was a shill for the Republican Party, whether it was Nixon or Reagan. You don't become a beloved guy in — Bush — in Republican presidential circles if you're a principled libertarian. Let me just put it that way. You have to be willing to go along. And indeed, Milton Friedman did go along, and he wasn't making arguments to Bush about occupational licensure, although of course *Capitalism and Freedom*, he's wonderful on medical licensure and so forth.

But in his sort of practical life, he was working with all the worst people in the country, justifying what they were doing, whether domestically or in foreign affairs, and that's why he was beloved, because he was buttering up power. So that's an unfortunate aspect. Some people would think actually that was a wonderful aspect, because that's the way to get ahead, but to me a very unfortunate aspect of a brilliant guy who might have gone in a different direction.

I know that at one point, he offered Murray a postdoctoral fellowship at the University of Chicago, and Murray didn't want to do it, among other reasons he knew Milton Friedman. But I've often wondered, if Murray had gone to Chicago, who knows

what might have happened? Maybe he wouldn't have had any effect, but I don't know, maybe he would have had an effect.

SALERNO: Tom, can I jump in here for a moment?

WOODS: Please.

SALERNO: Yeah, it seems that the juvenile libertarians tend to impute to Milton Friedman a lot of their left libertarian views. For example, in the article that you were referring to that was up on the Internet, the claim is made the Friedman were he alive today would be pro-immigration. In fact, to his credit, Friedman said that it would be ridiculous to have open borders and free immigration, given the welfare state that we have in the US. He made that point a number of times.

ROCKWELL: No, it's true; it he was not for open borders. Not all bad, Milton Friedman.

WOODS: So when I just think back to my own, when I first encountered Murray Rothbard's work, and I got, I guess at that time David Gordon had done a bibliography of what was then known of Rothbard's published work, and then we still find some obscure newsletter he had written for — like an investment newsletter, he writes like a 40-page article that he publishes nowhere else. We would all like to see, you know? So just the other day I was reading his essay from 1959 on "Science, Technology, and Government." That was just sitting in his papers unpublished for years and years and years. He has entire book manuscripts that are still coming out. It was incredible for me to grasp this, because everything I read by him, I was a young Ivy League college student, and it was more impressive than anything else I was reading in school, that's for sure.

And he could write across disciplines — you know, he wrote's *For a New Liberty*, which is like *the* case for libertarianism to a world that had never heard of it before. That was published by Macmillan. That's a big deal that that happened. But he writes, you know, *The Ethics of Liberty*, has a lot of challenging stuff in it. He's got a four-volume history of colonial America that he wrote as a spare-time project. He writes the treatise on Austrian economics that keeps the whole school going and that shows his complete familiarity with all the mainstream literature. He's got *The Panic of 1819*, bringing an Austrian analysis to that period; *America's Great Depression*, showing how the Austrian theory of the business cycle can account for the Great Depression; popular books, like *What Has Government Done to Our Money?*; thousands and thousands of articles that have then been collected into books. He kept up correspondence with all kinds of important intellectuals. He edited two scholarly journals, a bunch of other publications, and was constantly encouraging students and young professors.

What more could the guy possibly do at that point? I mean, what more could you expect? And I'm still just scratching the surface — not to mention what he did on US foreign policy, US international monetary policy. It just never stops. You can't even

stop listing all the things he did. So the motivation for going after this guy, I'm sorry it's hard for me to see it as anything other than perverse.

ROCKWELL: It's like what Guido Hulsmann said at the Mises University a couple of years ago. He was talking about Mises and how to be a Mises scholar, and he said, it is possible, as prolific as Mises was, to read everything Mises wrote. He said, however, I don't care who you are or what you are, it's impossible to read everything Rothbard wrote. This is a man who wrote more than somebody can read. And that's of course just one aspect of his genius.

WOODS: And he did this before the Internet.

ROCKWELL: (laughing) Before the Internet. He would have loved the Internet, of course.

WOODS: I mean, things that we would have had — you know, mere mortals would have had to look up using Google, he just knew. And he produced all of this on a typewriter. Just to think of all the simple ways that today we could have improved his productivity, in a way it's — you know, maybe it's just as well, because then we would never have gotten to any of it (laughing).

ROCKWELL: Well, we were lucky to have him. All of us who knew him, all of us who learned from him, all of us who have been influenced by him. And really he's a giant figure and becomes, as Jeff points out, a more giant figure because everything's up online. Speaking of Friedman, I had said in a blog that I wondered if Rothbard was the best read economist in the world today. Maybe it's Paul Krugman; I don't know, but certainly Rothbard's right up there. And I said much more so than Milton Friedman. So somebody on David Friedman's blog — David Friedman was upset about that comment, and somebody in responding said, look, this is not a fair comparison. Milton Friedman's books are all extremely expensive. All of Rothbard's books are up online for free at the Mises Institute. So it's unfair to say that Rothbard is better read. Well, I thought, okay (laughing). Darn right.

WOODS: Yeah, exactly, exactly. All right, any parting words from any of you folks?

SALERNO: Yeah, Tom, I just want to mention that Rothbard is still publishing. One of our fellows, Patrick Newman, has put together Rothbard's 500-page work on the Progressive Era, so we will have that coming out in the next year or two.

WOODS: What?

ROCKWELL: (laughing)

DEIST: And Tom, your listeners should know that the Mises Institute will be publishing another book this fall from Murray, again edited by Justin Raimondo, but this is about a 100-page treatment he wrote on libertarian strategy that he presented as a paper at

a conference. So that's going to be out this fall, and I think it's going to open some eyes as to Murray's role and his thoughts as a tactician.

WOODS: Well, let me say that I actually got to edit and write the introduction for another Rothbard manuscript now published, *The Betrayal of the American Right*. Joe did the same for Rothbard on *The History of Money and Banking in the United States*. So it's kind of like anybody who is anybody has to have written an introduction to a posthumously published Rothbard book or something (laughing). I mean, it's just unbelievable. I mean, if we just judged him by the stuff he's produced since his death he'd be a great economist (laughing). Unbelievable. All right, well, thanks to Lew Rockwell, Jeff Deist, and Joe Salerno for your time today.

SALERNO: Thank you, Tom.

DEIST: Okay, Tom.

ROCKWELL: Thank you.