Ideology and Theories of History

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The first in a series of six lectures on The History of Economic Thought.

Transcribed and Donated – Thomas Topp

Rothbard: The first thing I'll start out with is the Cointreau Whig Theory of History. The Whig Theory of History really begins in the early/mid-19th century, and it's sort of taken over and it's still with us. Matter of fact, it's still dominant despite criticisms in the '30s and '40s. Basically, what the Whig Theory of History says is that history's an inevitable march upward into the light.

In other words, step by step, the world always progresses, and this progress is inevitable. Now, the Whigs themselves were kind of loveable. They were moderate classical liberals, I guess. And when they coined the theory in the 1830s, '40s and '50s, there was a certain amount of justification for it, in the sense that indeed, if they look back on the past, things seemed to be getting better and better. There was an increase in freedom, an increase in civilization and standard of living and science and knowledge and so forth and so on.

And so they came to the, they unfortunately made this impressionistic conclusion into a doctrine, and saying, "This is inevitable." If this is 1870, we're always better off in every way, in 1960, etc., etc. This implies heavily that everything that was at any stage of the game was right, it was the best possible at the time, and therefore everything that is now is right, or at least is the best possible for this epoch.

So this is essentially determinist, and inevitability, and also puts the stamp of approval on everything in the past and present, is what it amounts to, because it says things like, "Well, slavery was bad, of course, but slavery of course now is bad from our perspective, but slavery in the old days was good because it was better than whatever the pre-slavery thing was."

Now, of course they had a problem with the Dark Ages, where everybody admits things got worse, from about the Fifth to the 10th century A.D., after the collapse of the Roman Empire. But they sort of said, "Well, that was one glitch, non-repeatable glitch in the onward and upward march of progress."

What we have now, now that the—looking at it from the perspective of 1986, the idea that everything's always getting better is much shakier, obviously. The 20th century in many ways is the century of genocide. But still and all, the Whig Theory of History is flourishing, and has gotten even more hardnosed, so to speak, more locked in.

And we see this, for example, getting to economics, we see this unfortunately among what we can call the Friedmanite or Buchananite Theory of History. Everything in the past—first of all, the analysis of history is very cryptic. Economists, in dealing with history, usually, in these days, usually—well, for example, the North-Thomas book on the economic history of Europe covers, I don't know, 600 years in about a few equations—condenses everything in a couple of equations.

This is explicitly [grade for the core]. Not only that; the idea is that everything that existed must've had a good function, must've functionally, was good to have existed, because it performed an important function. For example, in sociology, the famous Parsons, the Parsonian view of sociology, which is looking at all of society or social systems or whatever, everything's got a function, everything fits in. Well, I suppose you can look at things as having a function. I guess the slave master had a certain function, but the point is was it a good function?

That's never asked, you see, because it's assumed that whatever existed should've existed. Ethics is not really mentioned, but it's implicitly derived from the fact that it existed, and it existed for a certain period of time. It's sort of like an existence theory of ethics. Because if it lasted for a while, it must've been okay.

The fact that murder has lasted for a long time, since the beginning of mankind, theft, slavery, etc., doesn't necessarily make it good, of course; doesn't make it even functional. Well, we can look at it this way: Functional from whose perspective? From the perspective of the robber or the robbed?

At any rate, this Whig Theory of History permeates economic history in particular. The worst example I know of—this is kind of an interesting example—Ekelund and Tollison, who distinguished public choice theory, Buchananites, have written a book called "Mercantilism as a Rent-Seeking Society."

Now, they don't pretend—it's a short book—they don't pretend to do any historical research at all, and they admit it. I mean they're upfront about that. They take Heckscher's great book on mercantilism and simply engage in exegesis of it. Heckscher was magnificent—he wrote this book about 80 years ago—there have been some advances since then, but that's a criticism, we don't have to deal with that.

I'm interested in more of the Ekelund and Tollison method of analyzing stuff. They say that mercantilism is essentially a theory, mercantilism, and ideology is a rational for seeking monopoly privileges on the part of the merchants and the bureaucrats, etc., etc.

I agree with that, except for the fact they use the word "rent-seeking," which I'm extremely critical of. This is something I hope to get back to later on, but it derives from the Ricardian Theory of Rent, which is still extant, is still permeating, is still unfortunately dominant, based on the idea that rent is a differential which can be easily taxed away, since it's a surplus, a non-productive surplus, so to speak, and therefore can be taxed.

That's like saying if Dustin Hoffman is making $1 million a year and Joe Zilch, another actor, is making $10,000 a year, the difference is differential, and Hoffman's $999,000 or whatever can be taxed away without decreasing his productivity or our enjoyment of it. But the important thing is when they get to, here they obviously interpret, according to the Buchananites and Stiegler, I guess we can call, and [Honobolies] that, even though he's an historian of economic thought, believes that economic theory has had no influence whatsoever on events. Again, none whatsoever.

[unintelligible] interpretation, ideas have no influence on history at all; it's purely economic interest. So interpreting mercantilism works fine with this, because then Ekelund and Tollison have a question—how did mercantilism disappear? Why did free trade come in? If everybody's seeking monopoly privilege, and the usual public choice stuff about how consumers are not interested, and privilege seekers are always interested, how did they get rid of this? Why isn't it locked in forever, as Stiegler claims [unintelligible] is locked in forever now?

So searching around for an explanation, the obvious explanation, for anybody who thinks that ideas are important, is that the free trade movement came, a mass movement, consisting of merchants, lower classes, intellectuals, etc. The free trade movement, which swept [the board], a mighty ideological movement which got rid of this web of privilege.

Ekelund and Tollison can't say that because they think ideology is unimportant, so what they say is they base it all—this is, of course, the, this is the escape hatch for all Buchananites or all public choicers throughout history—transaction costs, it's like the magic talisman. Anything you have in history, transaction costs, as if the object of everybody's life is to minimize transaction costs, so the main value in everybody's [unintelligible] heart.

I don't care about transaction costs. I mean to heck with it. At any rate, so his idea of why free trade and laissez-fair succeeded and replaced mercantilism is that it became too—now, get this: As the king was replaced by parliament, it became too costly to lobby parliament. There were all these special privileges trying to lobby parliament.

The king is just one guy—I'll lobby him, and it's easy, transaction costs are low. To lobby 500 guys in parliament becomes too expensive, and therefore they stopped lobbying and fell back on free trade as [unintelligible] so to speak. Any sillier explanation of any historical event I don't know of—this is rock bottom.

In the first place, there's no evidence that there's cheaper transaction costs. He seems to assume there's one king, and it's very simple to lobby. There's a whole court, [unintelligible] absolute king. He's got lots of dukes and earls and mistresses and everybody else vying for power. It's probably just as expensive, just as high transaction costs to lobby the king as it was in parliament.

He certainly presents no evidence that it was cheaper, and [unintelligible] misses the fact, the real point is ideological, the thing that sweeps aside special privilege in history is ideology, despite the fact that these public choice people claim that ideology is irrational because you're not devoted to it 24 hours a day, it's only ideology.

And yet some people are devoted to ideology, as we know full well right now with Ayatollah Khomeini, etc. Obviously, the Khomeini movement was not founded out of cost-benefit analysis and [unintelligible]. It was founded out of deeply felt, passionate ideology, which swept aside all vested interests.

Not that I'm in favor of the result of the Khomeini movement; I'm simply saying that ideology is extremely important in history. And thereby, where I think Hayek of course is far superior in his famous—I think one of the best things Hayek ever wrote was "Intellectuals and Socialism," which I recommend to everybody here.

How ideas influence history—they start out with theoreticians, and they permeate down to what he calls secondhand dealers in ideas, which I think is a very good term—journalists and activists—then they start permeating through the general public. Therefore, if you put it into value cost-benefit terms, you can say that ideology then becomes a deeply held value on the part of people, superseding even transaction costs, something which you're devoted to, you devote your life to.

Can you imagine anybody devoting their life to minimizing transaction costs? At any rate, by the way, I should also say the Marxists are also, oddly enough, Whig theorists, although in a special conflict version. So even though the Marxists don't believe in a step by step linear approach upward, it's a dialectic approach upward, it's a sort of zig-zag approach. Then the Marxists too, they fall back on this historicist viewpoint. Slavery, in their days, Marxists are very anti-slavery now, some forms of slavery, not their own, but slavery in the old days was good because it was better than whatever the other thing was—serfdom was better than slavery.

So they too have this Whig theory, historicist theory, and the revolution becomes inevitable. By the way, this is why Marxists and marxisan, the English call it, Marxoids or semi-Marxists, by the old [unintelligible] progressive and reactionary. I don't know if any of you have ever thought about the use of the term.

To Marxists, the highest moral or the only moral truth is when you're in favor of the inevitable revolution, and would be in tune with the inevitable laws of events. So these guys, the progressives, the progressives are people who are in tune with the next phase of the inevitable historical development, like the revolution, [unintelligible] revolution.

Reactionaries are those who are opposed to it. In other words, the whole term "progressive" and "reactionary" is a term which is used on an implicitly ethical basis, is really a question of who's in tune with the coming event and who isn't. Who's in touch with the zeitgeist or the coming zeitgeist, and who's not in touch with it? That's the only standard.

By the way, Schumpeter pointed out in one of his, "Capitalism, Socialism and Democracy," I think in his introduction to the second edition, he said, Schumpeter that socialism was inevitable, but for very different reasons than Marxists. He claimed basically it was inevitable for one reason—because capitalism breeds intellectuals who subvert it.

Anyway, he said that, "People say that because I think that socialism is inevitable means I'm in favor of it. Quite the contrary." Why can't you say, [unintelligible] your boat, we're in a canoe and the canoe is leaking, and you think sinking is inevitable. It doesn't mean you're in favor of it. You can try to fight against it and postpone it as long as possible. At any rate, [unintelligible] Marxists, the inevitable means it's good.

To conclude about the Whig Theory of History, the I think major, deeper underlying problem is that if people have free will and have freedom to make choices, history is not really determinist, [unintelligible] determinist laws of history, and therefore the Whig theory ignores the great—ignores free choice, it ignores the great moral problems, since free choice involves moral choices. And [unintelligible] the history of the great moral drama, a drama of advance, of conflicts, of retrogression, of good versus evil, etc.

And to wind up my own doctrine about history, following Albert Jay Nock, history is essentially a race or a conflict between state power and social power, Nock put it. In other words, social power is a network of voluntary interactions, the economy of civilization, whatever, everything is voluntarily interacting, and he calls it social power.

And state power, of course, is the state. It's always trying to repress it, cripple it, tax it, loot it, etc. So history becomes a race between these two forces. We get down to a subset of this or an application of this, the Whig Theory of a History of Science, I'm coming to economics a minute.

Whig Theory of a History of Science, which is very similar, of course, to the Whig Theory of History, period. The Whig Theory of History of Science was dominant, probably still is dominant in high school textbooks, was dominant until the '60s.

It essentially said that science, the growth of knowledge is an onward and upward, step by step approach, from the year zero to now. What are the implications of that? One implication is that you don't have to read a history of science unless you're an antiquarian. In other words, if you're a physicist in 1986, there's no point in reading some physicist in 1930, unless you're interested in the special conditions of what happened to him—you don't learn anything from it.

In other words, you never lose any knowledge. The theory is that every step of the way science patiently tests its assumption, its premises, and discards those which turn out to be unacceptable, false, and adds those which are acceptable. So everybody's always patiently testing their axioms or whatever, [unintelligible] advancing. Therefore, there's no loss of knowledge.

The current textbook then incorporates all the best of everything from the year zero to the present. This is the theory, at any rate. Here, the famous Kuhn Doctrine I think comes in very neatly, famous paradigm theory of Thomas Kuhn called the Structure of Scientific Revolution, which I think came out in the late ‘60s. Earlier? Early ‘60s. He effected a revolution in the history of science. Kuhn has had a lot of flak on his philosophy of science, which he claims he doesn’t really have.

In other words, I think he’s not interesting as a philosopher—he is interesting as a historian and a sociologist of science—in other words, how did science actually develop? And essentially what he says is that instead of this linear, step by step stuff—first of all, nobody ever tests their basic axioms, ever, and of course obviously true.

Once an axiom or a paradigm, as he put it, a set of basic beliefs is followed, adopted, and people just apply that to various peripheral matters and puzzles, he calls it, [come up], and anybody who challenges the basic paradigm is considered not a scientist. Nobody’s refuted, I think, just out of the dialogue, he’s had it.

So this [unintelligible] on for a while until various anomalies pop up—in other words, until the theory begins obviously fails in explaining a lot of stuff, and then there’s a crisis situation, as he calls it, where confusion and competing paradigms come up. If some new paradigm can solve these puzzles better, then it begins to take over and establishes a new paradigm, and they forget all the rest of the stuff.

Now, [unintelligible] no paradigm’s any better than the other. I don’t think that’s true. But at any rate, the interesting thing, what happens here is that you lose knowledge. Even if this paradigm’s better than that, often stuff gets lost along the way. One example is, of course, [weak fire]. We didn’t know until very recently what weak fire is—we now know it’s like flamethrowers, but we only found that out when we invented flamethrowers.

In 1900 nobody knew what weak fire had been in Ancient Greece. Another example of course was the Stradivarius shellac or whatever it is, which nobody can duplicate, because you can't test everything, can't figure out the composition—secret formulas, in other words, which get lost.

These are obvious, blatant examples. A friend of mine in the history of science says there are certain laws of 18th century optics which we've forgotten. We know less about certain areas of optics than they did in the 18th century. At any rate, when we get to the social science, the philosophy is much more true.

By the way, another thing I should say is that the old guys never change, they don't shift to the new paradigms, usually. In other words, the old guys will stick to it until they die. The people who adopt the new paradigms are the younger people—graduate students, college students who are not locked into the, intellectually locked into the old paradigm.

A famous example of that is Joseph Priestley, the late 18th century libertarian and physicist, who invented oxygen, and refused to believe it was really oxygen. He said, "No, no," he was so locked into the Phlogiston Theory, so it's only de-phlogisticated air. He refused to acknowledge the implication of his own invention, his own discovery. Incredible. At any rate, so this is very typical.

This is why, by the way, strategically, if you're an Austrian, you shouldn't spend time trying to convert Paul Samuelson or Milton Friedman. These guys are not going to be converted, they're locked into their paradigm. You convert people who are just coming up, new people, people who are on the fence. Graduate students, these are the people you can convert.

Don't waste your time trying to convert Samuelson or Friedman or whoever the other paradigm people are.

So the wars for the souls of the people coming up, so to speak. Obviously, it's pretty clear that in social sciences, economics, philosophy, etc., that even more of this, because there's less testable stuff, obviously. If this is true in science, physical science, which I think it is, it's all the more true in social science, economics and stuff. So you can really lose knowledge very rapidly, because you can replace a good paradigm by a lousy one.

In other words, [unintelligible] physics, if they do it or not, but certainly very easy to do in philosophy and economics and political thought. Very easy for a new paradigm to get established for one reason or another that has nothing to do with its truth value. Could be fashion, it could be politics, could be [unintelligible], could be selling all the [unintelligible] [Lubionca], and whatever.

There are all sorts of reasons why—so in other words, reading history of economic thought, of philosophic thought even more so, it's not just interest for historians to see how a theory developed. It interests [unintelligible] find out the truth, because someone in 1850 might be better than somebody writing now. Matter of fact, usually is. In economics, philosophy and whatever.

So the whole history of thought then becomes, in the social sciences and philosophy, a much more exciting enterprise, it seems to me, than in physics. Again, the guiding philosophy in the history of thought and history of economics now, to get into that, the guiding doctrine has been Whig again, even though it seems to be obviously untrue.

In almost every textbook, a hallmark would be this: Any group, whoever they're talking about, any group has something positive to contribute to the building of economics. Whatever, even if they're totally contradictory—one group is obviously nutty—doesn't make a difference, they're not nutty, they're part of a great dialogue.

So any group then takes their place. So whoever you're talking about—French, the scholastic, the British classicists, the Austrians, the Keynesians, institutionalists, they're all great guys, they're all somehow contributing to a great edifice. As a result of this, of course the historian of economic thought who does this is "non-controversial," nice guy, because he likes everybody, tolerant.

The fact that he's got it wrong doesn't seem to make much difference. Undogmatic, and all the other odious things which these people are. It seems to me these things are almost worthless, because it's true, a good historian, even a Whig approach can sum up what each group says, what each person says, that's not really enough. It seems to me the historian should be critical, should find out, "Is this guy wrong?" or, "To what extent is he wrong? Is he right? What's going on here?" Especially in economics or philosophy, where it's not just the cut and dried thing, where we now have the laser beam, and before we only had rubbing two sticks together.

By the way, probably the worst example of this sort of thing, the Leo Straussian Doctrine in the history of liberal thought, Leo Strauss was a German refugee, came to the University of Chicago and set up what can only be called a cult group of Straussians, and all very self-consciously Straussian. "Follow the master in all things," etc.

Straussians take a few what they call "great thinkers," I'm going to criticize that too, the concept of taking only great thinkers, they take a few great thinkers, more or less arbitrarily selected—how do they know they're great thinkers? Well, everybody says they're great. Machiavelli, Aristotle, Dewey, whatever. Hobbes.

Then they say, "Since this guy is a great figure, he must've been consistent. Why does he have to be consistent? Well, he's a great thinker? Who am I, a schnook professor, to challenge the greatness of this guy?" The assumption is this guy's a great figure. He's consistent. Most of these guys are very inconsistent, they contradict themselves on every page. Keynes did this all the time.

It looks as if he contradicted himself, but he couldn't because he's a great thinker, and therefore consistent. So we have to look for the deep inner consistency. The deep inner consistency amounts almost to astrology. It's numerology. Strauss will say if you take the fifth book of Machiavelli's Prince and compare it with the fifth book of the laws, it's this number magic, you see, the five, you look for the deep things, really explain… It's really bizarre.

[unintelligible] going hog wild. And he desperately [unintelligible] everybody's great, and consistent as well as contributing to the edifice of thought. So we have to realize, it seems to me, that it's just the opposite—that many thinkers are great, other thinkers are lousy, some of them [unintelligible], other [unintelligible] error, and therefore analyzing historians, economists, separating who these guys are, to what extent were they correct? To what extent were they bad? To what extent did they push economics in a wrong detour? Etc.

It's true that there was a so-called vica presentism, where you attack everybody for not having read "Human Action," and you attack Aquinas for not having read "Human Action." [laughter] Called presentism. Very few people do that. I think it's a straw man. I don't know of anybody that really does that.

[unintelligible] vice's the other way around. [unintelligible] think everybody's great and everybody's true in some sense. To paraphrase one of my favorite quotes from Oscar Wilde, Miss Prism, in "The Importance of Being Earnest," was asked whether her novel—she'd written a three-volume novel—whether it had a happy ending or not. She drew herself up and she said, "The good end happily, the bad unhappily, that is what fiction means."

Of course, I would say [unintelligible] historians, the [unintelligible] amounts to bad, that's the meaning of history. Anyway, [Atkins] says the muse of the historian is not Cleo, but [Radamenfis]—Cleo the official Greek muse of myth. He said, "The muse is really Radamenfis, the avenger of innocent blood."

And he went on to say, "The historian must be a judge, and a hanging judge at that, to right the wrongs of history." [unintelligible] talk about history of, a basic methodological or philosophical approach is Skinnerism. I don't mean the evil B.F. Skinner, the behaviorist. I mean Quentin Skinner. Quentin Skinner was a Cambridge political theorist who wrote a magnificent book which I recommend everybody.

It's not libertarian, it's not free market, but it's a marvelous book on political thought called "The Foundation of Modern Political Thought." The Renaissance and the Reformation. The first volume is on Renaissance thinkers, the humanists, and the second is on Reformation, Luther, Calvin, etc., and it's just magnificent, because what he does is, not only does he analyze each of these guys and asks the sort of questions I think are important—political theory, religious theory, etc.—he also doesn't deal—

In the history of political thought," in the history of economic thought too, the standard thing, you have three guys or five guys, right? A typical book of history of political thought, it'll be three French thinkers—bing, bing, bing—or five great political theorists—Aristotle, Machiavelli—it's sort of like Strauss, except not necessarily assuming they're all great or consistent.

Yeah, five great thinkers, history of economic thought—the Heilbrenner approach, for example. Smith, Ricardo, Marx, Marshall, Keynes—five guys, five economists. I think this is a rotten way of approaching the history of thought. In the first place, all of these political thinkers and economic thinkers were involved in movements, almost all of them. When they say anything, they have certain intentions. They use the words in a certain way, have a certain author's intention.

In order to understand their intention, you have to understand who they're talking to, who their friends are, who their enemies are, who they're reacting against. In other words, the historical context of what they're saying. Skinner goes into detailed critiques of each of these [people], and he doesn't slight that, but he also talks about the so-called lesser people, and also who they're reacting against and how their influence spread from one university after the other, to one country after the other.

You really get a whole sense of the [sweep history]. So the political texts of political thought are not just isolated texts sitting up there to be worked on, but part of the whole sweep of modern history and history of thought. Also, you can't really understand these guys without figuring out who the other people are and who they're reacting against.

And secondly, a lot of the so-called lesser people are just as good as, just as important as the big-shots. In fact, some are even better, because usually pure—often very—they take the master's doctrine and build in a consistent framework. At a political level, for example, in American history, Jefferson, you always hear about Jefferson.

Jefferson is a great guy, but the Jeffersonians are much better than he was. They're more consistent. Jefferson [was selling out] when he was in power. But the Jeffersonians usually didn't. They're usually attacking him for selling out. Leading Jeffersonians—Macon and Windoff and Taylor, etc—you get a much harder core doctrine than you do if you're only dealing with the leadership.

I'm favoring the whole Skinner approach. There's a very good book on Locke, I'm just mentioning somebody here, by Richard Ashcraft, just came out, called "Revolutionary Politics and the Two Treatises of Government." What Ashcraft does—and he's Marxist, but it doesn't really affect this method—what he does is he talks about Locke, not only what his thought was—in the context of revolutionary libertarian struggle which they're engaged in.

Everybody from the Levellers on, shows how he's related, descended directed from the Levellers, a libertarian dissident group. It also explains why Locke—you know, Locke is famous for being a real scaredy-cat. In other words, he wrote everything not only anonymously; he kept everything in a locked drawer and so forth and so on. He was considered pathological. Why was the guy scared, why was he a scared rabbit? He was an exile for ten years of his life. His friends were all being arrested and shot. He had good reason to be scared.

Anyway, that's just one aspect of it. My mentor in history, Joseph Dorfman, was something like this in American history of American economic thought. Instead of dealing with three people, five people, he dealt with everybody. Everything in there in this five-volume compilation.

He was a much better historian than he was an economist, because his economic theory wasn't that sound.

On the other hand, he really got everything in there. He's got the whole facts before you. So he was really doing the same sort of thing in American thought. I admit, of course, that [unintelligible] a lot of work, it's much easier to take three texts, three guys and just talk about them. It's much more difficult to find out who the other people are. That's the way life is. As Mises once used to say, he used to claim a European historian should know about eight languages, and [unintelligible] blanching there in the seminar. "Well, nobody's forcing you to be an historian, if you don't want to learn eight languages."

Anyway, so I think this is very important to get the so-called lesser people involved in this thing, as well as the three or four or five top guys. Getting to the historiography of economic thought, I trust you already read the counter-articles and my article on scholastic economics, and we don't have to repeat it, just sort of condense it a little bit.

The key thing—the orthodox historiography of economic thought starts with [unintelligible]. I'm sure you're all familiar with this. There were a bunch of mercantilists running around, talking about specific things like sugar. Should the government keep [unintelligible] in the realm, or should we have tariffs? Etc.

And then in 1776, emerging like Athena out of [unintelligible] Zeus or whatever, is Adam Smith, who, out of his head, creates all modern economics. Free market economics, the whole business, and that's it. Then you have Ricardo and you have Marx and whatever, so somehow deriving from it. Then you have Marshall, Austrians, Marshall, Keynes, and that's about it.

Anyway, Smith becomes the originator, to the extent that some of your beloved people here in Washington wear Adam Smith ties as a tribute to the founder of economics, laissez-faire, whatever. This is pure baloney from start to finish, isn't it? This is one of the things—[Kauter] is one of the first people to mention it, in his two articles.

Schumpeter wrote a year or two after Kauter in the famous book which really sort of sets this thing forth. "The History of Economic Analysis." Unfortunately, Schumpeter did not live to complete it, so it's badly written and even more badly organized. In many ways, almost incomprehensible.

He's definitely a revisionist in this sense. In other words, he believes that life existed before Adam Smith, economics existed before Adam Smith, and better, not only existed, but better. In other words, the Kauter paradigm I think is the correct one. So what you have is many hundreds, even 1,000 years of sound economic analysis engaged in scholastics in the Middle Ages down through the late, the Spanish scholastic 16th century. Aquinas, even before that, down to the late Spanish scholastics.

It's several hundred years. And then a French tradition in the 18th century continued in France and Italy, and in the 18th century, leading to a fantastic flowering of economic thought, modern economic thought—[Camelon and Torgal] in particular. And you have everything there.

You have laissez-faire much more pure and much more sound than Adam Smith. In fact, Torgal, if any of you read my old pamphlet on it, is really pre-Austrian in every sense. He's got [unintelligible] in there, he's got the [unintelligible] theory of capital, the whole business, fantastic. [unintelligible] got the whole schmear.

You have this big flowering of economic thought and laissez-faire thought going hand-in-hand. And then [Bado] and the collapse with Smith. Schumpeter's properly assiduous about Smith. You read between the lines [unintelligible] Smith, Schumpeter had obviously total contempt for Smith, and for good reason.

And he hates Ricardo, another great thing. His hatred of Ricardo shines through the book, it's almost a major feature of the book. It pops up every 50, 100 pages. Oddly, but Schumpeter, first of all, it's kind of bizarre—he likes John Stuart Mill for some obscure reason which I can't figure out, because Mill's only bringing back Ricardo.

So at any rate, you can't look for much consistency in Schumpeter. But the fundamental paradigm is consistent. It was a big blow, and it came out—orthodox economists and historians of thought were shattered by the Schumpeter book. If we go back and read [unintelligible], for example, review of it, couldn't understand, "Why is [unintelligible] Catholic?"

And of course, Knight, if you know about Knight, was an hysterical anti-Christian. Really went ape on the Christians question—Protestant and Catholic; particularly Catholic. So he's not exactly equipped to be very objective about this when it came out. What Knight used to do, when he taught his course in graduate economics, if there were any nuns or priests in the class, he'd just insult the Catholic Church until they left, then he'd say, "Now we can begin." A weird duck.

So I commend [Caterik], a marvelous statement on Caterik, what he says about Smith and making waste and rubbish of 2,000 years of economic thought. I'll get into that. Anyway, the counter-thesis [unintelligible] economics basically is that the scholastics emphasize utility and scarcity as the key determinants of value in production or whatever.

By the way, the neoclassical smear against the Austrians is they're only interested in utility or demand and not supply, which of course is rubbish. The whole point is, as you know, if you put, in the familiar two-dimensional diagram, if you have quantity of a good on the X axis, and then you have utility or whatever on the Y axis in some way—it's ordinal, not cardinal—some way, being very broad about it, simply what we're saying is the diminishing utility of a good, and the intersection of the demand curve with the supply will bring you the economic value of the price of the product.

So it's not that supply is unimportant. What they're really saying is you have subjective demand, which then impresses itself on the economic system and values everything which is there, all the stuff which is there is being evaluated by people. So you have people doing the evaluating of things out there, which are being evaluated, the things that are supplied.

So it's important to have supply as a vertical curve, not to confuse the situation. The Austrians, of course, and the scholastics deny the rule of so-called cost in determining price. That was the point. Cost only affects price by [unintelligible] company that determines scarcity. That gets back to the supply of a product.

And as Kauter points out and as Schumpeter points out, and later on, [De Roover and Rice], a whole bunch of other revisionists on the scholastic front, the entire view that economists had of scholastics for a couple hundred years is totally all wet. And the basic view, as I'm sure you've read, is that scholastics believe that just price was the cost of production plus a guarantee profit, and/or keeping your station in life, whatever your station is.

If your station is humble, then you keep being humble. This is totally all wet, as all these guys have shown, De Roover and all these people, shown in detail, very few scholastics have this doctrine—two or three—and these are minor fringe people.

The mainstream of scholastic thought was utility, scarcity and free market. In other words, the just price was a market price. It's true they weren't total libertarians, I'm not going to say that. They didn't like the idea of individual bargaining. They thought the market had to be a market. So if you and I agree on some price and it's not the market price, they would say it's unjust.

Second of all, they were not against price control. They thought a price control could also be just. That's very far from saying that something else is to replace the market. In other words, they were market people, and very keen market analysts. The only thing I want to say about scholastic personally is one of the best them, a magnificent character, Pierre de Jean-Olivie, who wrote about 1400, who was not only a great market analyst and the inventor of sophisticated utility theory, even [unintelligible] margin utility theory.

He was also an extreme spiritual Franciscan, a rigorous Franciscan, in other words, an extreme pro-poverty person. The Franciscan movement started out as pro-poverty, and with a pledge of poverty. Then as the Franciscan church began to accumulate money from donations or whatever, they began to have second thoughts, and began to be more realistic about the whole thing.

The rigorous wing of Franciscans were [unintelligible], "You guys are selling out the Franciscan doctrine, Franciscan heritage," and Olivie was the leader of the Provençal group of extreme pro-poverty people. He was emaciated. Obviously, he's a Franciscan—even real Franciscans didn't eat much, [unintelligible] the rigorous Franciscans.

Very poverty-stricken, sort of like a movie character—very skinny, wandering around. And he was a great, sophisticated market analyst. It's amazing. It's one of the great anomalies in the history of thought. The only thing that scholastics were weak on was what's called usury, the usury question—the thing that really discredited them eventually.

They had a real problem with, they couldn't understand time preference. Nobody until Tourgal really understood it. You can't blame them too much. They couldn't understand why you should charge interest on a risk loss loan. They understood about profit, they understood about opportunity cost. They got the whole thing down. Just time preference was their major weakness.

Even with that, however, the scholastics managed to sophisticate the whole thing [unintelligible] the whole business of the brilliant maneuvering that allowed usury anyway, but the brilliant maneuvering, of course, was evasive, and therefore was open to attack.

The other Kauter thesis is that the—and it's not an accident—when I first read this, it was very interesting to speculate, and I now think there's a lot to it, getting deeper into it, that it seems to be no accident that the only labor theory of value people—in other words, in the history of thought you have 1,000 years of scholastics, or several hundred years of consumption theorists and utility theorists.

All of a sudden, the labor theory pops up. According to Kauter, it's not accident, it was the Calvinists, it's only the Calvinists that labor theory of value flourished. Calvinists believe in a divine obligation for labor. In other words, almost that labor is an end in itself. Catholic thinkers tend to be in favor of consumption, moderate enjoyment, and labor as a means to an end, which is more of the economic way of looking at it, so to speak.

Whereas the Calvinists tend to be anti-enjoyment, and want to keep consumption limited to a minimum, [unintelligible] the fury of continuing labor. I'm not saying every Calvinist is like this, or every Catholic, but as a broad summary, I think it's pretty accurate. If you look, for example, in Scotland we have Catholics and Calvinists living side-to-side. The Catholics are always attacking the Calvinists of being dour, standoffish, unfriendly, etc., and the Calvinists are attacking Catholics as being lazy, shiftless, drink a lot.

They're probably both right. But the thing is that's the sort of difference you get, and this seems to hold through throughout. Catholics tend to be much more relaxed [unintelligible]. As we'll see, the first real labor theory of value person was really Smith. Was not, I deny that it was John Locke. I think Locke had a labor theory of property, which is very very different from a labor theory of value.

It simply means, how do you get unowned resources into private ownership? [unintelligible] way to do it. He was, of course, a homestead theorist. Mixing your labor with the soil, it then becomes your private property. I don't think that's the labor theory of value at all. I think it's a total misconception.

Historians of course get the whole thing mixed up. Of course, we know about natural law and Catholicism versus absolutism. I'll go into that a bit. The natural law tradition, Aristotelian, Stoic tradition, which was then picked up by Aquinas and the scholastics, especially after Aristotle was rediscovered, means that mean, by use of reason, can discover natural law, laws of reality, which includes laws of ethics, and which also put a firm limit on the state.

In other words, the state may not invade a sphere or rights or sphere of each individual. I think in addition to that, that's one sense in which

Catholicism had a firm check on state power throughout the Middle Ages and later. And the other, I think, important thing is the Catholic Church was a transnational check on state law.

I don't want to go out on a limb, but I think it's the only case in history where the church and state were not the same. In other words, in most civilizations, church and state were fused together. They had a mighty alliance of [unintelligible] as the conservatives like to put it. In other words, you have a king, and the king is taxing people, etc., then you have the church, and the church is telling people to obey the king, and of course getting part of the loot, a good chunk of the loot.

You have state and church oppressing the public, taxing and controlling, etc. And most intellectuals throughout history have been churchmen. The idea of a lay intellectual comes only in the last couple hundred years. When you have a fusion of state and church, you have a very powerful instrument for despotism and state power.

I think this is the only case in history where the state and church were separate. In other words, where the Catholic Church was transnational, and therefore kept a severe limit on the power of each king. As a matter of fact, particularly—and I'll here, by the way, recommend a marvelous little book by Jean Beckler, a French economic historian, called "The Origins of Capitalism."

Why did capitalism arise only in Western Europe? Obviously, there's been trade in every civilization, but real capitalism, market phenomena, etc., really comes in only in Western Europe, and what is it that made it so? He pinpoints the fact that power was decentralized. It was feudalists, of course, instead of being central empire, central despotism, but each power was limited, had independent principalities, you had villages which had autonomous power in many senses, and feudal landlords had autonomous power.

And you had a transnational church to check individual states. You have very little state power either externally or internally, as a result of these checks, which allowed the market to flourish. As a matter of fact, there's a marvelous phrase here. Beckler says, "The expansion of capitalism owes its origin and its raison d'etre to political anarchy."

And particularly, it's no coincidence, according to Beckler, that the real expansion of capitalism comes in the 11th century, the so-called Renaissance of the 11th century, which coincides with Gregory VII's magnificent smashing of the power of the state [unintelligible] power of the king.

Kings of course are always trying to grab religious power. So then with the Protestant Reformation, all this more or less comes to an end. In other words, first place, many of the Protestant churches become state churches. The Anglican Church of course being a total state church. Calvinism. Usually what happens is religious groups tend to be in favor of tyranny when they're a majority, in favor of religious freedom when they're a minority.

With the Calvinists, it was the same thing. When they took over in Geneva or Massachusetts, they were pretty rigorous, smashing sin. Whereas when they were a minority, they became quite libertarian. They evolved libertarian inclusions. And the thing is, so in the Catholic countries, even they had a slippage, the church itself lost a lot of influence, and France in particular, in the growth of absolutism, tremendous growth of absolutism, of course reaching a peak with Louis XIV in the late 17th century and continuing on until the French Revolution. What happened in France was the Calvinists were very much against the establishment and state tyranny, and the Catholic leaders, the extreme Catholics were also against it.

And what happened, they had a series of rebellions and battles, with both the extreme Catholics and the Calvinists coming up with great libertarian political theory in the course of it. What happened was the centrists take over, usually, what happens, it's called politiques, who historians call moderate—they're only moderate in the sense they weren't in favor of religions killing each other, because they didn't care that much about religion, is essentially why.

But they were not moderate in the sense that they wanted total state power, total power of the king and forget about religion. Religion becomes an instrument of the king. So with the politics winning over, and then you have, in France the Catholic Church comes under the influence of a crypto-Calvinist group called the Jansenists, who were really sort of Calvinists in sheep's clothing, and they take over the French church.

They're very pro-absolutist. "Yes, yes, the king is right in all things," etc. That was one of the reasons why the Catholic Church would not limit the growth of French absolutism. And also they had another complication—in Protestant countries you had scholastics. Hugo [Grotius] was sort of free market, a Dutch Calvinist—not really—a Dutch Protestant, I should say, scholastic.

And in Scotland, influenced Scotland and the Scottish Enlightenment, which of course leads to Adam Smith, is also scholastic, Protestant scholastic or neo-Calvinist scholastic. It becomes complex, but that's basically it. Grotius was in the [Arminian] camp, [unintelligible] camp in Holland.

While we're doing this—by the way, one of the things about natural law, I should say, in addition to limiting, setting up a sphere of individual rights and limiting the government, it also set limits—if you really believe in natural law, you believe there are natural limits to man's omnipotence or individuals' omnipotence. They don't believe in natural law and anything goes, you can do anything, you can conquer the world or whatever without any ill consequence. That's another reason why natural law is important.

I just want to mention absolute [unintelligible] in Anglican England, Tudor and Stewart in the 16th and 17th century, Anglican England. Of course, the Anglican Church was a state church. They worked out a so-called correspondent's theory, one of the more bizarre theories, in my experience, for absolutism.

Robert [Filmo] [unintelligible] [by Locke] was a beautiful example of this. It's called analogy by—the argument by correspondence. Namely, there's a hierarchy of power throughout the world. God, the angels, men, and critters. I say critters—animals, things like that. Animals, vegetables, whatever. This is the power. God has top power, and the others are subordinated, each one subordinated to the other.

In the same way—get this little axiom there—each individual has a head, which runs things, and a heart and limbs and all that. And the head is ruling the others. The idea of man rebelling against God of course is evil and sinful and impossible, etc., in the same way that limbs or heart rebelling against the head is equally sinful and impossible.

Then you have in the family, inside a family, same thing, you have a father, of course, a godlike, head-like figure, a mother or wife, then the kids, who are subordinate. It has social and political implications and all that. Then of course there's the state. King, powerful nobles, middle-class, serfs, etc., foreigners, whatever. [laughter]

So this it the big argument for [unintelligible] absolutists, it's not an argument most of us find convincing or compelling. The right wing [unintelligible] two circle—in other words, the guys are on the two circle [unintelligible] consent, everybody that consents, everybody has a natural right to consent and so on and so on, absolute rights, except some shadowy time in history, they surrendered all these rights to the king in perpetuity and can't get it back.

That is the two circles argument for absolutism. [unintelligible] said, "No, that's a sellout. Once you start with rights of consent, you're on a slippery slope that'll lead directly to anarchism, and [unintelligible] was right.

Hobbes was a moderate compared to two circle. Hobbes was a liberal deviationist from the two circle. He believed that yes, everybody surrendered all their rights to the king in order to keep the peace, etc., but if the king is really coming at you with a gun and just about to shoot you, you have the right to run away. That's one concession of rights.

The two circles said you had no right [to violation]. [unintelligible] Bodkin [unintelligible] salt. Then of course there's the libertarians the classical liberals, Locke, etc., who are essentially either Calvinists or [unintelligible] independents.

We've talked a lot about religion so far, but so far it's been fairly familiar—the labor theory of value, scarcity and natural law. Now I'm coming to another part which is not as familiar. Another aspect of religion and theology which was also extremely important. I want to mention a thing in Newsweek last week.

[unintelligible] "Short Shrift For Religion." They talk about high school texts or grade school texts in history, world history, American history, religion is dropped out. For example, this one world culture text for sixth graders manages to discuss Joan of Arc without mentioning God, religion or her canonization.

Another has 20 pages on Tanzania, but none on the Protestant Reformation. By the way, a friend of mine is writing a college text of readings on Medieval, Ancient History and Modern History. They can't put anything about religion in it. It's not a question of being for or against it. Anything about it is considered controversial, and therefore has to be killed.

[unintelligible] it's absolutely bizarre, because religion has influenced all of thought and all of action, at least until the 19th century, and probably the 20th. So when you talk about the history of anything, especially the history of thought, to leave religion out is to leave most of the stuff out—leave the values and the ideas that motivated them.

It's really crazy. You don't have to be pro-religion or pro-Christianity to realize that it's been extremely important, and not to talk about it is absurd. I'm not a theologian, I don't want to get into theology per se, but I must say I find theology fascinating because it's sort of a deductive system, something like praxiology, except of course the axioms are different.

But once you have the axioms, you can spin almost the whole thing out. And you can talk about coherent deductive systems versus incoherent, I think. Anyway, the two things I want to talk about, which are very obscure, seemingly not important, but I think very vital to the history of thought and economic thought, are two things which get left out, even by people who know about natural law and absolutism and all that.

One is creatology, or using science as a wisdom, not a physical measurement. Science as the creation of the universe. Why did God create the universe, in other words. Seemingly, for some of us, it's a trivial question, actually pregnant with fantastic political implications. In other words, one slight difference in axioms—another thing about theology as a deductive system—one seemingly unimportant difference in the axioms can cause tremendous differences in political conclusions or social conclusions.

Why did God create the universe? And both of these areas, by the way, and creatology in the other one, our conclusion is, purely as a layman, that the orthodox Christian position is the safest, let's put it that way. Creatology, eschatology—namely, a science of the last days. How will the world come to an end and when?

And creatology, the science of the first days. This might seem to some people, some secularists, irrelevant. It's not irrelevant at all; it's extremely important. But before I get to that, I just want to say, actually it's related to creatology and, particularly creatology—one of the key things which Christianity brought to the world, I believe more than any other religion, is individualism—the supreme importance of the individual.

I think that's, the individual stamp of the image of God, and his or her salvation becomes of extreme importance, and moral choice and all the rest of it. The Greeks, even though I revere the Greeks—they're great rationalists and all that—the Greeks are polis-oriented. What they care about is not the individual, but the polis, the city-state.

So when Plato and Aristotle are talking about virtue and what the virtuous life is, they're talking about life through a city-state, not for each individual, they don't care about the individual. It's the city-state that counts. It's a collectivist doctrine to the city-state.

Some of my friends, like Doug [Rathesen] [unintelligible] trying to claim that they really meant the community and not the state, but I doubt this, and I think [unintelligible] really think is the city-state. Also, not unrelated to the fact that most of these guys were slave-owners, and slavery was of course guaranteed by the city-state.

In other words, if you're a part of a small slave-owning caste, you had plenty of time to discuss philosophy, because the slaves are doing all the work. Only the slave-owners voted and so forth and so on. You tended to identify yourself with the polis, because the polis is you and 500 other guys or 1,000 other guys.

It becomes understandable why they slipped into this collectivist mode. And then other parts of creatology, as we'll see, is species-oriented, it's even more collectivist. Man as a species or collective species, rather than as an individual. I think Christianity is unique in bringing the individual into focus as a key element of concern and of moral choice and salvation and all the rest of it. I think magnificent in its—it cannot be over-stressed.

Creatology, seemingly obscure or unimportant. The orthodox Christian position is that God created the universe out of pure love. God is perfect, almost by definition, created a universe out of pure love, and that's it. The safest approach—whether it's correct or not I leave to theologians. Certainly the safest approach.

The other approach—I don't know what to call it, I don't have a name for it, I just call it the mystical approach—versus the orthodox Christian approach. The mystical approach is that God created the universe out of felt need, out of what Mises would've called felt uneasiness—God was lonesome.

In other words, God was imperfect and needed creation of the universe. So what are the implications of this? The implications are that the way this works in the picture is that at the beginning God and man were united. It's very difficult for me to make sense out of this. I'll try my best.

God and man were united in the sense that they were fused together. There was no man—obviously, man hadn't been created yet, but in some sense they were united. They had unity. But God was imperfect. Then God creates man. This is important, it's progressive, because God then can develop his perfection, and man can develop his perfection.

In other words, God and man are both imperfect. So, man imperfect. Notice that man was a species, because each individual [unintelligible]. We're talking about a collectivist man as species, collectivist. Man is imperfect, God is imperfect, and history, human history is a process by which God and man develop, become more and more perfect. So this is good, but there's also a bad side to this.

The bad side is man is now separated from God for the first time. Alienated. And this, my friends, is a [unintelligible] famous word, alienation, which I am sick of if you aren't. This is what alienation is. Alienation does not mean feeling unhappy, does not mean you don't like the state, you don't like your parents.

Alienation means the fundamental separation from God, with whom we had previously been united. We in a collectivist sense. I wasn't united with God 20 million years ago or whenever it was. Fundamental alienation is a bad part, and the good part is development.

Then, finally—we start off with this unity, and then we have a separation, alienation, and then we have a final culmination of history—here we get of course an eschatology—will be a reunion of man and God, and of one big mighty, climactic reunion, which will be a perfection of man and perfection of God also—a union of man as a species.

The individual is nothing—individual people are just atoms in this whole thing. So man and God will be united in some cataclysmic species unity. Each individual will also be united with every other individual in one blob. One species blob, which also will be united with God, one might species blob, and this will be the end of history.

History will come to an end, which is also eschatology too, obviously. So this is collectivist, and it means that God is working through history. History becomes an important process by which these things are happening. Also, you start here, you then have a German for "aufhebung," another word I'm sick of already. Aufhebung means transformation or the negation, a Hegelian Marxoid word—Aufhebung—one stage somehow magically is transformed into another one, and this alienation, you finally have a culmination—it's always three, by the way, three is a key, three stages.

There's always three stages. The first stage will be a mighty, fantastic one—everybody, the blobs are united to each other. There's a great phrase—I'll refrain from reading this—one of my favorite writers of all time is GK Chesterton, and he's talking about the social theory, [Ane Bezant], who was a [Fabian] theosophist for the orthodox Catholic position of this mystical theosophist viewpoint, where all individuals are blobbed into each other, and you have the final blob.

This is the alienation, this is a dialectic. This is the famous dialectic where one stage of history is transformed, magically transformed into its opposite, into something very different, and finally transformed to a final climactic…

One of the things about this is, of course the problem of evil is solved. The problem of evil, of course, as we all know, is if God is good and omnipotent, how come you have evil in the world? This is a famous theological problem. My favorite solution to this is an unorthodox one by H.L. Mencken, who's also my favorite writer. Mencken says, "God was created by a committee of gods, each of whom are omnipotent and benevolent, but it being a committee, they screwed up." [laughter] An extremely charming doctrine.

One thing it does is that several different solutions for the problem of evil. In other words, the orthodox Christian solution is that man is created, individuals are created with free will, who are free to choose good or evil. But this solution says, the mystical solution, there is no evil. All seeming evil is really part of a good process, a process of the dialectic, which ends up in a mighty fusion of the blobs.

There's no evil in the world, but it's all taken care of—anything that happens is probably an inevitable [unintelligible] sort of like a Whig theory in some crazy way. And it winds up with the final fusion, and all processes are inevitable leading to that. Some of the big shots in here—[Totinus] was probably the first one, a third century Roman Platonist, a sort of [unintelligible] Platonist. And then Christians take this up, a Christian Platonist, a Christian follower of Totinus.

Another big name in this is John Scotus [Origina]. By the way, if you want to get more on this, there's a marvelous book, of course, by [unintelligible] [Kolokovsky] called "Main Currents of Marxism," which is a first volume which deals with the philosophic roots of Marxism. A Polish émigré in England.

John Scotus Origina was a Scotch-Irish late ninth century philosopher living in Paris, and a famous Christian mystic of the 13th century, Meister

Eckhardt, Meister Johannes Eckhardt. These are some of the big names on the development of mystical thought of this sort. And then Hegel, who I'm not going to—First of all, I haven't finished my study of Hegel for my book, and second, one thing I'm not going to go into is Hegel at any great length. Hegelianism really develops this, with Hegel himself becoming God. In other words, God integrates with Hegel at the end of history.

The end of the dialectic is God and Hegel fusing. Obviously, I just think he's a nut, let's face it. At any rate, there have been of course a lot of Hegelians in the world, and still are. Just one quote from Hegel which I think is enlightening: He loved Napoleon. He saw Napoleon riding down the street after Napoleon's victories in Prussia.

He writes a friend of his, he says, "I saw Napoleon, the soul of the world, riding through town. It is indeed a wonderful sight to see, concentrated in a point, sitting on a horse, an individual who overruns the world and masters it." What Hegel called world historical figures, who of course move history.

And Hegel felt that the dialectic of history was ending his own, because he was the big shot philosopher for the new Prussian state, professor of philosophy at the University of Berlin, the newly created state university, and therefore that's it, he's sort of at the end of history.

[unintelligible] the science of the final days. Orthodox Christian viewpoint developed by St. Augustine and followed by Catholics, Lutherans, etc. Obviously, Christianity is messianic—Jesus will return in the second advent and put an end to history. That's accepted by everybody. And the question is in what sense or what form? It talks a lot about the millennium, that's mentioned in the bible.

In other words, what about 1,000 years of a kingdom of God on earth? Where did that fit in? When Jesus comes, it's a day of judgment, and history is over. The millenialists, the orthodox Christian position from St. Augustine on, is that millennia are simply a metaphor for the Christian Church, and that's it. There was no real kingdom of God on earth in any more concrete sense, and Jesus will return in the second advent at some time, his own time, and put an end to history and that's it. Forget about the millennium, in other words.

The millennium sort of drops out of a political concern. The millennium is out of politics, and individual salvation becomes the important thing. So history does not become a process where the millennium is organized, so to speak. In other words, millennium is outside of history. There are two other wings—of course there are many sub variants within each wing—two other wings which disagree with this. One is the so-called pre-millenialist—namely, that Jesus will return and establish the kingdom of God on earth for 1,000 years and then put an end to history.

[unintelligible] in the sense, this is Jesus before the millennium. So history then is a process by which the 1,000-year kingdom will be established in some way. The books of the bible which are particularly interesting on this are the Book of Daniel and the Book of Revelation, are particularly focuses for these people.

The pre-millenialists usually look for signs of the advent. Excuse me, of the Armageddon and the millennium. When Jesus returns, the millennium [unintelligible] lots of problems, seven years of hectic stuff going down. Wars and all that sort of thing, conflicts. So the pre-millenialists usually look for signs of this developing, usually in times of turmoil, war, etc., it will pop up and say, “Aha, millennium, Jesus is about to return.”

The reformation and the 17th century wars, the French Revolution, are outcroppings of the pre-millenialists. The problem politically was they're looking for signs—the signs are things like the beast, the dragon, the scarlet woman, the return of the Jews to Palestine, their conversion to Christianity, etc.

[unintelligible] the beast, exegesis for people [unintelligible] matters. But the thing is that all of these people committed to certain dates, the timetable of prophecy. So Isaac Newton, for example, thought that physics was relatively unimportant. His real contribution was trying to figure out how old the world was and when it would come to an end, by biblical exegesis.

They're looking for signs, and usually picking specific dates, the most famous of which were the Millarites, who were very popular in England in the 1840s. One historian speculates that this influenced Marx. There's no evidence for this. But he was certainly around at the time.

In other words, the Millarites said that Jesus will return on October 22nd, 1844, period. But the problem with specific predictions, it's very much like economic forecasting. What do you do when October 23rd comes around and there ain't no second advent? That's the big problem for prophesy of this sort.

So Millarism became discredited. Usually what they do is they say, "Sorry, my calculations were slightly off; it's really 1864," or something like that. But basically, the Millarites had had it, and they were succeeded by a new theory, which established essentially current [unintelligible] fundamentalism now, pre-millennial fundamentalism, the theory of dispensationalism, invented by John Nelson Darby, the English pre-mil, which is that, see, the thing is you can't have this timetable—timetable stops when the Christian Church is established.

Christian Church, they call it the big parentheses. So the prophesies or the timetable stops, and only will resume at some date, which might be soon, but we don't know. This gets them off the hook, so to speak. They don't have to predict a specific date. They're still looking for signs. Now, politically the pre-mils are not that important, except there's always a problem that, if you think Armageddon and the great war between good and evil is about to arrive, you might be tempted to try to speed it up a bit.

And if your finger is near a nuclear button and you're a pre-millennial, you might be tempted to speed the timetable along. Outside of that, there's not too much political implications for this. So I guess with the post-millenialists that we get the political implication of post-mils believe that man has to establish the kingdom of God on earth first in order for Jesus to arrive.

Key difference. In other words, this is essentially, we don't worry about the millennium, the [unintelligible] millenialists. Here you get [Jesus] establishing, although you have various assistance, a cadre. As a matter of fact, there's a dominant view of a pre-trib—the question is when does the trib come, the seven years of heartache? The tribulation.

The orthodox view among pre-millenialists is that Jesus arrives just before the trib, and raptures up all the good guys to heaven, where they can just stand along with Jesus and see the jerks being slaughtered down below, and then return after the Armageddon to establish a kingdom of God on earth.

This is the orthodox pre-trib. There are many mid-tribbers and post-trib. I'd hate to be a post-tribber; in for a bad time. Rather trib first, then Jesus… The post-mils believe that man has to establish 1,000 years of the kingdom of God on earth first, in order for Jesus to return. This places on man a heavier theological responsibility, and almost always, not in every case, but in most cases historically, pre-mils have been raging statists because the government is a shortcut.

In other words, if Jesus comes and brings Armageddon, then the bad guys are slaughtered in Armageddon. But if man has to establish the Kingdom of God on earth first, it means the bad guys have to be some way eliminated by human means—either by slaughtering the bad guys, is one version, or else gradually by the government sort of stifling them.

But at any rate, the post-mils almost always turn to the state to be the great instrument of bringing on a kingdom of God on earth, and this is where it becomes extremely important. I think basically, [Eric Bergelund] is a famous Christian political theorist who died recently, an Austrian [unintelligible]. He was always a student of Mises's seminar, [unintelligible] anything that means. But Bergelund's [unintelligible] writings, his basic theme was, his guiding theme was [unintelligible], a very complex way of saying, I think, something very important.

[unintelligible] A sort of Germanic way of saying something important—Namely, if you bring eschatology, in other words, if you bring a millennium into human history, you're in trouble. The orthodox Christian view, a millennial view is the last days, kingdom of God or whatever is up in heaven, so you don't worry about it on earth, so to speak.

If you bring it down onto earth, you imminentize it—make it imminent within the earth, within human affairs, within human history—then you have a problem. You have people trying to stamp out sin by fire and brimstone, etc. And that I think is an important insight, despite its German formulation. Thank you very much.

end of transcript.