

Rothbard

*A to Z*

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# Rothbard

## *A to Z*

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MISESINSTITUTE  
AUBURN, ALABAMA

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Mises Institute  
518 West Magnolia Avenue  
Auburn, Alabama 36832  
[mises.org](http://mises.org)

ISBN: 978-1-61016-700-0

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## Preface

Students of Murray Rothbard owe a great debt to Edward Fuller. He has gathered together Rothbard's remarks on a vast array of subjects. There are two ways Fuller could have done this, and he has selected the more difficult of the two. He might have chosen just the highlights, the most striking and memorable of Rothbard's remarks. Of these there is an abundance. Rothbard says, for example, "Keynes was much more than a Keynesian. Above all, he was [an] extraordinarily pernicious and malignant figure ... [he was] a charming but power-driven statist Machiavelli, who embodied some of the most malevolent trends and institutions of the 20th century." "Keynes contributed only mischief, folly, and obfuscation."

Rothbard, it is apparent, was no leftist. Against those leftists who uncritically oppose nationalism, he said: "While the State is a pernicious and coercive collectivist concept, the 'nation' may be and generally is voluntary: The nation properly refers, not to the State, but to the entire web of culture, values, tradition, and religion, and language in which the individuals of a society are raised ... national self-determination is a vitally important matter in which libertarians should properly take sides."

Rothbard scorned elites and championed the people. "The big danger is the elite, and not the masses ..." "We live in a statist country and a statist world dominated by a ruling elite, consisting of a coalition of Big Government, Big Business, and various influential special interest groups. More specifically, the Old America of individual liberty, private property, and minimal government has been replaced by a coalition of politicians and bureaucrats allied with,

and even dominated by powerful corporate and Old Money financial elites.”

It would have been easy, as mentioned before, to fill a book with arresting quotations like these. For example, on feminism, he says: “At the root of the women’s liberation movement is resentment against the very existence of women as a distinctive entity.” “The feminists are setting out to destroy romance.”

But Fuller has not chosen this easy course. Rather, he has provided entries on a comprehensive list of topics. Whatever the subject about which you wish to discover Rothbard’s opinion, you are likely to find it here. No matter how much you have studied Rothbard, you will learn something new by reading this book and seeing how Rothbard’s views fit into a comprehensive system.

One central thread that emerges in the book is the importance Rothbard accorded ethics. Many economists think that an economist, in recommending policy, need be concerned only with efficiency, but Rothbard dissented: “‘Efficiency,’ in contrast to ‘ethics’ sounds unsentimental, hard-nosed and ‘scientific.’ Yet extolling ‘efficiency’ only pushes the ethical problem under the rug. For in whose interests, and at whose expense, shall social efficiency be pursued? In the name of a spurious science, ‘efficiency’ often becomes a mask for plundering one set of people for the benefit of another.”

Efficiency is no substitute for ethics. “We cannot decide on public policy, tort law, rights, or liabilities on the basis of efficiencies or minimizing of costs. But if not costs or efficiency, then what? The answer is that only ethical principles can serve as criteria for our decisions. Efficiency can never serve as the basis for ethics; on the contrary, ethics must be the guide and touchstone for any consideration of efficiency. Ethics is the primary.”

Many economists seek to balance efficiency with equity, which in practice means equality. Rothbard again dissented: “it is an absurd and pernicious doctrine of ‘justice’ that each child should ‘start’ absolutely equally. It is an anti-human position, since each child manifestly begins completely unequally — with unequal abilities and parents. ... To provide ‘equality of opportunity’ in the sense of equality of infants would have to mean that the state nationalizes all infants and raises them in State nurseries under precisely ‘equal’ conditions (although, even here, absolute equality is not possible.)”

Rothbard sums up: “Enforced equality rests simply on envy” and “Envy is evil.”

If equality should not guide the economist in ethics, what should? The answer lies in natural law: “If apples and stones and roses each have their specific natures, is man the only entity, the only being, that cannot have one? And if man does have a nature, why cannot it too be open to rational observation and reflection? If all things have natures, then surely man’s nature is open to inspection.”

The result of applying natural law theory to society is the non-aggression axiom. “The basic axiom of libertarian political theory holds that every man is a self-owner, having absolute jurisdiction over his own body. In effect, this means that no one else may justly invade, or aggress against, another’s person. It follows then that each person justly owns whatever unowned resources he appropriates or ‘mixes his labor with.’ From these twin axioms — self-ownership and ‘homesteading’ — stems the justification for the entire system of property rights titles in a free-market society.”

I have indicated only one central thread to be found in Rothbard’s work. Readers of *Rothbard A to Z* will find for themselves many other threads as they study the thought of this great creative genius, made here conveniently available.

David Gordon  
Los Angeles, California  
November 2018



## Introduction

Murray N. Rothbard was the most hardcore free market economist in the history of economic thought. For this reason, he is destined to be remembered as one of the most important economists of the twentieth century. Of course, in his age of anti-free market sentiment, he never approached the influence of John Maynard Keynes, Paul Samuelson, Friedrich Hayek, or Milton Friedman. Still, Rothbard's unrivaled commitment to the free market economy guarantees him a special place in the history of thought.

To grasp Rothbard's historical significance, it is necessary to understand his interpretation of human history. Like his mentor Ludwig von Mises, Rothbard viewed human history as an epic race between liberty and tyranny. In other words, he conceived history as a great struggle between nonviolent and violent methods in society. Humankind progresses when liberty and nonviolence triumph. Conversely, humankind declines when the forces of tyranny and violence prevail. For Rothbard, then, the key to the preservation and proliferation of humanity is liberty, the absence of aggressive violence against person and property.

So what is Rothbard's role in the grand conflict between liberty and tyranny, nonviolence and violence? Following Mises, Rothbard thought ideas are the determining factor in history. Ideas are the proverbial weapons used in the battle for liberty against tyranny. Consequently, the individuals who generate ideas — the intellectuals — ultimately determine the course of human history. In the final analysis, the fate of humanity depends on whether the intellectuals who advance the idea of nonviolence can overcome those intellectuals advocating the idea of violence.

Rothbard was a figure of immense historical significance because he was one of humankind's greatest intellectual defenders of liberty and nonviolent methods. He developed a formidable intellectual system to combat the idea of violence and advance the idea of non-violent interaction. More than any other intellectual in human history, he defended the idea of perfect liberty.

Rothbard built his intellectual system on three pillars: economics, ethics, and history. In economics, Rothbard's devotion to liberty and nonviolence was reflected in his unmatched support of the free market economy. As he stressed, human beings can interact in two ways, and in two ways only: nonviolently or violently. This means economic activity can be organized nonviolently, or economic activity can be organized violently. There is no third way.

The free market economy is the nonviolent method of economic organization. Consider a device Rothbard termed the Angel Gabriel model. Imagine Angel Gabriel looks down on creation and is horrified to see human beings using violence against one another. In an act of benevolence, Gabriel eradicates all violence among human beings. He modifies nature in a way that makes it physically impossible for any human being to use violence against the person or property of another human being. What kind of economic system would prevail in Angel Gabriel's world of complete nonviolence?

The Angel Gabriel economy would be a pure free market economy. *Freedom* means the absence of aggressive violence against person and property. A *market* is a place where people meet to trade goods and services. Thus, a *free market* is a place where human beings come together to engage in the nonviolent exchange of goods and services. Taken as a whole, the free market economy is a network of nonviolent exchanges of goods and services.

Along with Mises's *Human Action* (1949), Rothbard's *Man, Economy, and State* (1962) is one of the two greatest books in the history of economics. Rothbard's outstanding achievement was to explain how economic activity is organized and coordinated in a world without violence. In essence, *Man, Economy, and State* is an elucidation of the Angel Gabriel economy. With unequalled clarity and precision, Rothbard's economic masterpiece spells out how the nonviolent method of the free market results in economic order.

Consumption is the one and only purpose of all production. Hence, the economic problem is to ensure that the economic system produces the goods and services that satisfy the most urgent needs of the consumers. This means humanity requires some mechanism to coordinate production with consumer demand. Put differently, humankind needs some communication system that transmits the desires of the consumers to the producers. As Rothbard so brilliantly explains, the price system is the mechanism that regulates production in the totally nonviolent society.

A price is an exchange ratio established in nonviolent trade. For example, imagine an exchange in which twelve beers are traded for two bottles of wine. In this case, the price of one bottle of wine is six beers. In a monetary economy, trade is conducted with money. For example, imagine an exchange in which \$36 is traded for twelve beers. In this case, the price of one beer is \$3. Since every exchange results in a price, the free market network of nonviolent exchanges leads to the emergence of a price system. The price system is the array of all the individual prices established in all the individual markets that constitute the free market economy.

In a world of complete nonviolence, the price system coordinates production with consumer demand. The consumers' decisions to buy or not buy determine all the individual prices in the price system. Producers then use these prices to guide their production activities. To the superficial observer, it appears as if producers determine production. But this is incorrect. The price system is a vast communication system that coordinates economic activity by transmitting the consumers' orders to the producers. By buying and not buying, the consumers ultimately determine what will be produced, how, and in what quantity and quality. The consumers — and everyone is a consumer — regulate production by establishing all the prices.

The Angel Gabriel economy is a profit-and-loss economy. Although often criticized, profits are absolutely essential to a non-violent social order. Profits and losses are the irresistible mechanisms that impel producers to obey the consumers. Profit is a sign that production is satisfying consumers, while losses indicate that production is not satisfying consumers. To put it differently, losses are a signal that scarce resources are being wasted in the eyes of consumers. Moreover, losses cannot continue forever. A producer

that consistently fails to satisfy consumers will suffer consistent losses until it is finally driven out of business. To avoid going out of business, a producer must adjust production to the best possible satisfaction of consumers. In the perfectly nonviolent society, profits and losses are the forces that ensure producers operate in a way that maximizes consumer satisfaction.

*Man, Economy, and State* is one of the best accounts of the nonviolent approach to economic organization. As Rothbard demonstrates, the nonviolent method of free market capitalism leads to economic order. But what about the violent approach? As Rothbard points out, socialism is the violent method of economic organization. Socialism is a system of economic organization based on government control of production. Whereas free-market participants control production under capitalism, government controls production under socialism. But government is an agency that has a territorial monopoly on the use of violence. Thus, socialism is an economic system based on the systematic use of government coercion.

Socialism seeks to organize the system of production like a big military. Rather than the consumers, the dictator determines what goods will be produced and in what quantity and quality. Next, the dictator determines the best (least wasteful) way to produce those goods. Finally, the dictator orders his troops — the workers — to produce in accordance with his plan. The socialist method of production turns the entire population into an army of conscripted workers. Like a private in the army, every worker is ordered to perform a certain type of work at a dictated time and place. If the worker does not obey the dictator's orders, government violence is used to force the worker to comply. But liberty is the absence of violence against person and property. Clearly then, the socialist system is totally incompatible with liberty.

As Rothbard emphasizes, the violent method of socialism is not a viable system of economic organization. In any economic system, producers need some way to determine whether consumers are satisfied or dissatisfied. There must be some method to test whether production is wasteful. In the free market, this is the profit test. But economic calculation requires market prices. The violent method of socialism abolishes nonviolent exchange. Consequently, socialism



prevents the formation and emergence of prices (exchange ratios). And if there are no prices, it is impossible to calculate profit and loss.

Socialism makes economic calculation impossible. In technical jargon, it is impossible to make net-present-value calculations in a socialist system. Put another way, the socialist planners can never know whether they are making rational or irrational production decisions. Consumption is the only purpose of all production, but the socialist dictators can never know whether production is successfully satisfying consumers. They cannot detect error. They are like a captain lost at sea with no means of navigation. Therefore, production under socialism is arbitrary, chaotic, and wasteful. Rather than organizing economic activity, the violent method of socialism leads to widespread economic disorganization.

Many commentators believe there is a middle way between the nonviolent method of free market capitalism and the violent method of socialism. Interventionists seek to improve the operation of the free market economy with government violence. In *Power and Market* (1970), however, Rothbard shows that the interventionist system is absurd and counterproductive from the interventionist's own perspective. All violence, whether inflicted by an individual or by government, only disrupts, distorts, and falsifies the free market price system. All acts of violence create false signals in the price system that must result in the waste of scarce resources. The nonviolent method of the free market maximizes consumer satisfaction and overall living standards. Any violent government interventions meant to improve the free market economy only impair consumer satisfaction and overall living standards.

Echoing Mises, Rothbard stressed that interventionism is not a permanent system of economic organization. Interventionism is an unstable method that must inevitably result in either the establishment of the free market economy or the establishment of socialism. Every act of violent government intervention in the free market creates discoordination. To eliminate that discoordination, government must either stop intervening, or it must pile on another intervention. But if government adds another violent intervention, that will cause even more economic discoordination. Government can remove all its interventions, or it can add even more. If it keeps adding more and more violent interventions, government eventually takes violent

control over every aspect of economic activity. In this way, interventionism tends to socialism. Since interventionism is an inherently unstable approach, the ultimate choice is between pure free market capitalism and pure socialism. There is no middle way.

Socialism and interventionism are not economically viable. But as stressed above, these are the violent methods of economic organization. Economic science leads Rothbard to conclude that it is impossible to successfully organize society with violence. Violent economic methods must lead to economic disorganization, not economic organization. But again, nonviolence and violence are the only two methods of arranging production. Hence, economic science leads Rothbard to conclude that nonviolence is the only viable method of organizing society.

Sadly, we do not live in Angel Gabriel's world of perfect liberty and nonviolence. In the real world, human beings can inflict violence upon one another. But as Rothbard realized, it is possible for human beings to simulate Angel Gabriel's world of perfect liberty. With the right ethical rules, humankind can approach Angel Gabriel's perfectly nonviolent society. This brings us to the second pillar on which Rothbard constructed his intellectual system: ethics.

Rothbard spells out his ethical system in *For a New Liberty* (1973) and *The Ethics of Liberty* (1982). The Rothbardian ethical system starts with the most important ethical question to face humankind: when is it legitimate for a human being to use violence against the person and property of another human being? Rothbard's answer to this supreme ethical question is called the non-aggression principle. According to the non-aggression principle, a human being must never use violence against the person and property of another human being, unless defending person and property from aggressive violence. Every human being must be free to do whatever they please, so long as they do not initiate aggressive violence against person and property. The non-aggression principle is the ethical rule that allows humankind to approach the society of perfect liberty.

Imagine a world in which every human being always obeys the non-aggression principle. In such a world, there would be absolutely no violence. The pacifist ideal of a completely nonviolent society would be realized. In the real world, however, human beings are imperfect, and there will always be some who initiate violence

against the person and property of nonviolent individuals. For this reason, defensive violence must be allowed to combat those who violate the principle.

Although he did not discover it, Rothbard is certainly a preeminent figure in the history of the non-aggression principle. Rothbard's outstanding innovation was to realize and articulate the complete ethical and political implications of the principle. Rothbard made the non-aggression principle the central axiom of his ethical system. Given any individual or political action, Rothbard simply asks: does it violate the non-aggression principle? Any act that violates it is unjust. On the other hand, any act that does not violate the principle is just. All acts that violate the principle must be illegal in the society of perfect liberty, while all acts that do not violate the principle must be legal.

For example, consider slavery. Slavery is a system in which a nonviolent human being must labor for another under the threat of aggressive violence. For Rothbard, slavery is unjust because it violates the non-aggression principle. Therefore, slavery must be illegal. Now consider the case of drinking alcohol. Although it may be morally reprehensible and bad for one's health, drinking alcohol does not involve the use of violence against a nonviolent human being. Therefore, drinking alcohol must be legal. In this manner, Rothbard uses the non-aggression test to determine whether any act is just or unjust and must be legal or illegal.

Although the non-aggression principle itself has never been controversial in the history of thought, its implications can be shocking for the uninitiated. For example, consider the case of taxation. A tax is a payment that government extracts from a human being under the threat of aggressive violence. To Rothbard, taxation is unjust because it violates the non-aggression principle. Any logically consistent thinker who accepts the principle must reject taxation.

Now we come to Rothbard's theory of government. Although many eminent thinkers advocated the non-aggression principle before Rothbard, it had never been consistently applied to government. Unlike his predecessors, Rothbard refused to give government the moral sanction to violate the principle. To repeat, government is an institution that has a territorial monopoly on the use of violence. Anyone skeptical of monopoly for economic reasons must

also be skeptical of government. More importantly, government is the only agency in society that is permitted to finance its existence with aggressive violence against nonviolent human beings, namely taxation. Rothbard pushes non-aggression to its logical conclusion: government is unjust because it is incompatible with the non-aggression principle. Just as it must cease to exist in Angel Gabriel's society of perfect liberty, government must cease to exist in a society fully committed to the non-aggression principle.

History is the third pillar of the Rothbardian system. Rothbard's historical output was massive, and he wrote with stunning proficiency on an extremely wide range of historical topics. In addition to his prodigious work on political and economic history, his *An Austrian Perspective on the History of Economic Thought* (1995) is perhaps the profession's most important work on the historical development of economic science. Despite its stunning breadth, there was one fundamental underlying theme in all of Rothbard's historical work: government has been the primary perpetuator of tyranny and violence throughout history. Through the ages, government has been the foremost enemy of liberty. But liberty is the key to a flourishing human race. To Rothbard, then, government has been the chief enemy of humankind and it has represented the ultimate threat to the survival and progress of humanity. If history could prove anything, it is that aggressive government violence can only stunt the development of humankind.

This brings us to the current volume. Like all of Rothbard's works, the ultimate purpose of this volume is to foster liberty and nonviolent methods in society. To Rothbard's mind, the fate of humanity depends on ideas. Specifically, the future of humankind depends on whether the ideas of liberty and nonviolence can prevail over the ideas of tyranny and violence. Rothbard provided humankind with a compelling and formidable system of ideas to defend and advance liberty. This volume is a collection of those affirming ideas. As such, its purpose is to proliferate liberty and, with it, humanity.

Edward W. Fuller  
Palo Alto, California  
November 2018

## ACTION

Individual human beings exist. Moreover, they do not simply “move,” as do unmotivated atoms or molecules; they act, that is, they have goals and they make choices of means to attain their goals. They order their values or ends in a hierarchy according to whether they attribute greater or lesser importance to them ...

*Economic Controversies*, p. 33

... the fact of human action and of purposive choice also becomes evident to each person who bothers to contemplate it; it is just as evident as the direct sense experience of the laboratory.

*Economic Controversies*, p. 35

... I would deny, as an Aristotelian and neo-Thomist, any such alleged “laws of logical structure” that the human mind necessarily imposes on the chaotic structure of reality. Instead, I would call all such laws “laws of reality,” which the mind apprehends from investigating and collating the facts of the real world. My view is that the fundamental axiom and subsidiary axioms are derived from the experience of reality and are therefore in the broadest sense empirical.

*Economic Controversies*, p. 65

The action axiom ... should be, according to Aristotelian philosophy, unchallengeable and self-evident since the critic who attempts to refute it finds that he must use it in the process of alleged refutation. Thus, the axiom of the existence of human consciousness is demonstrated as

being self-evident by the fact that the very act of denying the existence of consciousness must itself be performed by a conscious being.

*Economic Controversies*, pp. 69–70

... human action is not like physics ...

*Economic Controversies*, p. 105

I would consider the axiom a law of reality rather than a law of thought, and hence “empirical” rather than “a priori.”

*Economic Controversies*, p. 108

Human action is the use of means to arrive at preferred ends. Such action contrasts to the observed behavior of stones and planets, for it implies purpose on the part of the actor. Action implies choice among alternatives. Man has means, or resources, which he uses to arrive at various ends; these resources may be time, money, labor energy, land, capital goods, and so on. He uses these resources to attain his most preferred ends. From his action, we can deduce that he has acted so as to satisfy his most highly valued desires or preferences.

*Economic Controversies*, p. 290

... Mises demonstrated that all knowledge of human action rests on methodological dualism, on a profound difference between the study of human beings on the one hand, and of stones, molecules, or atoms, on the other. The difference is that individual human beings are conscious, that they adopt values, and make choices — act — on the basis of trying to attain those values and goals. He pointed out that this axiom of action is self-evident, that is (a) evident to the self once pointed out, and (b) cannot be refuted without self-contradiction, that is without using the axiom in any attempt to refute it. Since the axiom of action is self-evidently true, any logical deductions or implications from that action must be absolutely, uncompromisingly, “apodictically,” true as well. Not only is this body of economic theory absolutely true, but therefore any talk of “testing” its truth is absurd and meaningless, since the axioms are self-evident and no “testing” could occur without employing the axiom.

*Ludwig von Mises: Scholar, Creator, Hero*, pp. 34–35

Human action is defined simply as purposeful behavior.

*Man, Economy, and State with Power and Market*, p. 1

All human beings act by virtue of their existence and their nature as human beings. We could not conceive of human beings who do not act purposefully, who have no ends in view that they desire and attempt to attain. Things that did not act, that did not behave purposefully, would no longer be classified as human. ... The fact that men act by virtue of their being human is indisputable and incontrovertible. To assume the contrary would be an absurdity.

*Man, Economy, and State with Power and Market*, p. 2

The distinguishing characteristic of human beings is that all humans act. Action is purposeful behavior directed toward the attainment of ends in some future period which will involve the fulfillment of wants otherwise remaining unsatisfied. Action involves the expectation of a less imperfectly satisfied state as a result of the action. The individual actor chooses to employ elements in his environment as means to the expected achievement of his ends, economizing them by directing them toward his most valued ends (leaving his least valued ones unsatisfied), and in the ways that his reason tells him are most appropriate to attain these ends. His method — his chosen means — may or may not turn out to be inappropriate.

*Man, Economy, and State with Power and Market*, pp. 7–8

All action is an attempt to exchange a less satisfactory state of affairs for a more satisfactory one.

*Man, Economy, and State with Power and Market*, p. 19

... man must always act ... man is always acting.

*Man, Economy, and State with Power and Market*, p. 71

... human action is a necessary attribute of the existence of human beings ...

*Man, Economy, and State with Power and Market*, p. 72

... the object of all action is to maximize psychic revenue, and to do this the actor tries to see to it that the psychic revenue from the action exceeds the psychic cost, so that he obtains a psychic profit.

*Man, Economy, and State with Power and Market*, p. 104

... in every action, men try to obtain the greatest advantage, i.e., to attain the end located on the highest possible point on their value scale. This was also called attempting to “maximize psychic revenue” or “psychic income.” This is a praxeological truth, a general law holding for all human action, with no qualification whatsoever.

*Man, Economy, and State with Power and Market*, p. 213

Each individual acts so that the expected psychic revenue, or achievement of utility, from his action will exceed its psychic cost. The latter is the forgone utility of the next best alternative that he could adopt with the available means. Both the psychic revenue and the psychic cost are purely subjective to the individual. Since all action deals with units of supply of a good, we may refer to these subjective estimates as marginal utility and marginal cost, the marginal signifying action in steps.

*Man, Economy, and State with Power and Market*, p. 319

All actions on the market are marginal.

*Man, Economy, and State with Power and Market*, pp. 1049–50

When people are free to act, they will always act in a way that they believe will maximize their utility, i.e., will raise them to the highest possible position on their value scale. Their utility *ex ante* will be maximized ... Any action, any exchange that takes place on the free market or more broadly in the free society, occurs because of the expected benefit to each party concerned.

*Man, Economy, and State with Power and Market*, p. 1061

## ADVERTISING

If any wants are artificial, they are those generated by government propaganda.

*Economic Controversies*, p. 426



... as living standards rise above subsistence, the consumer gets more particular and choosy about what he buys. The businessman must pay even greater court to the consumer than he did before; hence the furious attempts of market research to find out what the consumers want to buy.

*Egalitarianism as a Revolt Against Nature*, p. 141

... a new firm or brand must strive to differentiate its product from existing brands, to offer something new, different, and exciting.

*Libertarian Forum* v. 2, p. 710

The very function of marketing is the acquisition and dissemination of information about the goods or services available for sale.

*Man, Economy, and State with Power and Market*, p. 586

The brand name and the wide knowledge of the brand come from consumers' desire for the product attached to that particular brand and are therefore a result of consumer demand ...

*Man, Economy, and State with Power and Market*, p. 664

A brand name, therefore, is an attribute of a labor factor, specifically the owner or owners of the firm. Or, considered catallactically, the brand name represents the decision-making rent accruing to the owner and his name.

*Man, Economy, and State with Power and Market*, p. 679

Every man as a self-owner freely decides his own scale of valuations. On the free market no one can force another to choose his product. And no other individual can ever "create" someone's values for him; he must adopt the value himself.

*Man, Economy, and State with Power and Market*, p. 738

... the very writers who complain most of the wiles and lures of advertising never apply their critique to the one area where it is truly correct: the advertising of politicians.

*Man, Economy, and State with Power and Market*, p. 888

... it is not true that advertising “creates” wants or demands on the part of the consumers.

*Man, Economy, and State with Power and Market*, p. 978

It is because the range of goods available to the consumers is expanding so much beyond simple staples needed for subsistence, in quantity, quality, and breadth of product substitutes, that businessmen must compete as never before in paying court to the consumer, in trying to obtain his attention: in short, in advertising. Increasing advertising is a function of the increasingly effective range of competition for the consumer’s favor.

*Man, Economy, and State with Power and Market*, pp. 980–81

## ANARCHY

... anarchism [is] a simple matter of libertarian logic.

*Betrayal of the American Right*, p. 145

Once concede the power of the people to consent as well as the natural law of “equal freedom from subjection,” and the logical consequence must be anarchism.

*Economic Thought Before Adam Smith*, p. 279

Once admit any right of secession whatever, and there is no logical stopping-point short of the right of individual secession, which logically entails anarchism, since then individuals may secede and patronize their own defense agencies, and the State has crumbled.

*Ethics of Liberty*, p. 182

... law and the State are both conceptually and historically separable, and law would develop in an anarchistic market society without any form of State.

*Ethics of Liberty*, p. 236

... liberty is a profoundly revolutionary concept and it can only be achieved through the liquidation of the oppressor State.

*Left and Right*, p. 492

We must hold as our foremost objective the abolition of [the] State.

*Libertarian Forum v. 1*, p. 92

The aim of free-market anarchists is precisely to end governmental omnipotence and planning, and to substitute for this each man's planning for himself.

*Libertarian Forum v. 1*, p. 129

As long as the State exists and has its being, none of us can be totally free ...

*Libertarian Forum v. 1*, p. 184

Libertarians want the end of politics; they wish to abolish politics forever, so that each individual may live his life unmolested and as he sees fit.

*Libertarian Forum v. 1*, p. 207

Anarcho-capitalism is an easily explainable system ...

*Libertarian Forum v. 1*, p. 215

... I am a dedicated anarchist.

*Libertarian Forum v. 1*, p. 471

I am indeed opposed to the State and therefore to politics. If the State-and-politics disappeared tomorrow no one would be happier than myself.

*Libertarian Forum v. 1*, p. 518

... I define anarchist society as one where there is no legal possibility for coercive aggression against the person or property of any individual. Anarchists oppose the State because it has its very being in such aggression, namely, the expropriation of private property through taxation, the coercive exclusion of other providers of defense service from its territory, and all of the other deprivations and coercions that are built upon these twin foci of invasions of individual rights.

*Libertarian Forum v. 1*, p. 535

... only the State can confiscate my property or put me in jail if I do not pay its tax-tribute. Therefore, only the State regularly exists and has its very being by means of coercive depredations on private property.

... anarchists are interested in the abolition of this type of action: e.g., aggressive physical violence against person and property ...

*Libertarian Forum v. 1, p. 535*

What anarchism proposes to do, then, is to abolish the State, i.e., to abolish the regularized institution of aggressive coercion.

*Libertarian Forum v. 1, p. 535*

... the hallmark of an anarchist society is one where no man may legally compel someone who is not a convicted criminal to do anything, since that would be aggression against an innocent man's person or property.

... under anarchism there can be no coercion of the noncriminal ...

*Libertarian Forum v. 1, p. 538*

... our ultimate objective [is] to privatize all of society, to turn all governmental operations over to private enterprise.

*Libertarian Forum v. 2, p. 952*

... the State should be abolished and all functions privatized ...

*Libertarian Forum v. 2, p. 1178*

... a truly free market is totally incompatible with the existence of a State, an institution that presumes to "defend" person and property by itself subsisting on the unilateral coercion against private property known as taxation.

*Man, Economy, and State with Power and Market, p. 1056*

... there is no accepted meaning to the word "anarchism" itself. The average person may think he knows what it means, especially that it is bad, but actually he does not. ...

One very popular charge against anarchism is that it “means chaos.” ... anarchists have always believed that the establishment of their system would eliminate the chaotic elements now troubling the world. ... The root of the word comes from the term *anarchos*, meaning opposition to authority or commands.

*Strictly Confidential*, pp. 26–27

We must conclude that the question “are libertarians anarchists?” simply cannot be answered on etymological grounds.

*Strictly Confidential*, p. 32

## ANIMALS

Animals are “economic land,” since they are original nature-given resources.

*Economic Controversies*, p. 358

It is more than a jest to point out that animals, after all, don’t respect the “rights” of other animals; it is the condition of the world, and of all natural species, that they live by eating other species. Interspecies survival is a matter of tooth and claw. It would surely be absurd to say that the wolf is “evil” because he exists by devouring and “aggressing against” lambs, chickens, etc. The wolf is not an evil being who “aggresses against” other species; he is simply following the natural law of his own survival. Similarly for man. It is just as absurd to say that men “aggress against” cows and wolves as to say that wolves “aggress against” sheep. If, furthermore, a wolf attacks a man and the man kills him, it would be absurd to say either that the wolf was an “evil aggressor” or that the wolf was being “punished” for his “crime.” And yet such would be the implications of extending a natural-rights ethic to animals. Any concept of rights, of criminality, of aggression, can only apply to actions of one man or group of men against other human beings.

*Ethics of Liberty*, p. 156

The fact that animals can obviously not petition for their “rights” is part of their nature, and part of the reason why they are clearly not equivalent to, and do not possess the rights of, human beings.

*Ethics of Liberty*, pp. 156–57

Man, in particular, must use his mind to learn, to formulate his goals and the means to attain them. He has no inborn instinct to guide him automatically to the correct choices, as the bird or the salmon are supposed to be guided.

... animals are bound within the environment in which they find themselves. If a group of animals are adapted only to the environment of a certain area, X, and they are forced to leave X they will die. They must then defend this environment to the death. Man, on the contrary, is unique among living beings for his capacity to change his environment, to leave, transform, and alter his circumstances on behalf of his own survival and progress. Man is not bound to a fixed plot of earth and all the environmental conditions upon it; he can move, he can build shelter against the elements, he can transform the earth, etc.

*Libertarian Forum v. 1*, pp. 140, 142

Animals are “economic land,” because they are equivalent to physical land in being original, nature-given factors of production.

*Man, Economy, and State with Power and Market*, p. 172

... animals are also “land” in the sense of given original nature factors ...

*Man, Economy, and State with Power and Market*, p. 173

Animals are born with “instincts”; these instincts are, in essence, sense-determined responses. Animals do not possess a free will or rational consciousness, hence they can only adapt, in sensory fashion, to their environment. Man, on the other hand, can alter his given environment by use of his reason and his free will.

*Rothbard vs. the Philosophers*, p. 123

## ANTI-TRUST LAWS

... the intervention by the federal government was designed, not to curb big business monopoly for the sake of the public weal, but to create monopolies that big business (as well as trade associations of smaller business) had not been able to establish amidst the competitive gales of the free market.

*Left and Right*, p. 18

... antitrust laws and prosecutions, while seemingly designed to “combat monopoly” and “promote competition,” actually do the reverse, for they coercively penalize and repress efficient forms of market structure and activity.

*Man, Economy, and State with Power and Market*, p. 907

The only viable definition of monopoly is a grant of privilege from the government. It therefore becomes quite clear that it is impossible for the government to decrease monopoly by passing punitive laws. The only way for the government to decrease monopoly, if that is the desideratum, is to remove its own monopoly grants. The antitrust laws, therefore, do not in the least “diminish monopoly.” What they do accomplish is to impose a continual, capricious harassment of efficient business enterprise.

*Man, Economy, and State with Power and Market*, p. 1117

## AQUINAS, THOMAS

St. Thomas Aquinas (1225–74) was the towering intellect of the High Middle Ages, the man who built on the philosophical system of Aristotle, on the concept of natural law, and on Christian theology to forge “Thomism,” a mighty synthesis of philosophy, theology and the sciences of man. ... It was the *Summa*, more than any other work, that was to establish Thomism as the mainstream of Catholic scholastic theology in centuries to come.

*Economic Thought Before Adam Smith*, p. 51

... Aquinas was a firm believer in the superiority of private to communal property and resource ownership. Private ownership becomes a necessary feature of man's earthly state. It is the best guarantee of a peaceful and orderly society, and it provides maximum incentive for the care and efficient use of property.

*Economic Thought Before Adam Smith, p. 56*

... Aquinas, anticipating the famous theory of John Locke, grounded the right of original acquisition of property on two basic factors: labor and occupation. The initial right of each person is to ownership over his own self, in Aquinas's view in a "proprietary right over himself." Such individual self-ownership is based on the capacity of man as a rational being.

Next, cultivation and use of previously unused land establishes a just property title in the land in one man rather than in others.

*Economic Thought Before Adam Smith, pp. 56–57*

... in reviving and building on Aristotle, St. Thomas introduced and established in the Christian world a philosophy of natural law, a philosophy in which human reason is able to master the basic truths of the universe. In the hands of Aquinas as in Aristotle, philosophy, with reason as its instrument of knowledge, became once again the queen of the sciences. Human reason demonstrated the reality of the universe, and of the natural law of discoverable classes of entities. Human reason could know about the nature of the world, and it could therefore know the proper ethics for mankind. Ethics, then, became decipherable by reason.

*Economic Thought Before Adam Smith, p. 57*

Thomism ... demonstrated that the laws of nature, including the nature of mankind, provided the means for man's reason to discover a rational ethics. To be sure, God created the natural laws of the universe, but the apprehension of these natural laws was possible whether or not one believed in God as creator. In this way, a rational ethic for man was provided on a truly scientific rather than on a supernatural foundation.

*Economic Thought Before Adam Smith, p. 58*



... St. Thomas Aquinas was the systematizer of the entire range of intellectual endeavor ...

*Economic Thought Before Adam Smith*, p. 81

In Thomist thought, reason and empiricism are not separated but allied and interwoven. Truth is built up by reason on a solid groundwork in empirically known reality. The rational and empirical were integrated into one coherent whole.

*Economic Thought Before Adam Smith*, p. 129

The Thomist tradition ... vindicating the independence of philosophy from theology and proclaiming the ability of man's reason to understand and arrive at the laws, physical and ethical, of the natural order. ... The assertion of an order of natural laws discoverable by reason is, by itself, neither pro- nor anti-religious.

... The statement of absolute independence of natural law from the question of the existence of God was implicit rather than flatly asserted in St. Thomas himself ...

*Ethics of Liberty*, p. 4

... in the Thomistic tradition, natural law is ethical as well as physical law; and the instrument by which man apprehends such law is his reason — not faith, or intuition, or grace, revelation, or anything else.

*Ethics of Liberty*, p. 6

Aquinas ... realized that men always act purposively, but also went beyond this to argue that ends can also be apprehended by reason as either objectively good or bad for man.

*Ethics of Liberty*, pp. 6–7

For the Thomist or natural-law theorist, the general law of morality for man is a special case of the system of natural law governing all entities of the world, each with its own nature and its own ends.

*Ethics of Liberty*, p. 7

## ARISTOTLE

... Menger studied and cited Aristotle extensively in his methodological work. ...

... Menger and, following him, Böhm-Bawerk were Aristotelian social ontologists, maintaining the absolute and apodictic reality of economic laws.

*Economic Controversies*, p. 158

... Mises's analysis ... rests squarely upon the Aristotelian insight into action ...

*Economic Controversies*, p. 196

To Aristotle and the classic philosophers, happiness was acting in accordance with man's unique and rational nature.

*Economic Controversies*, p. 617

... the great Athenian philosopher Aristotle ... a magnificent and creative systematizer known to later ages as The Philosopher ...

*Economic Thought Before Adam Smith*, p. 3

Man, in the famous Aristotelian phrase, is uniquely the rational animal — the species that uses reason to adopt values and ethical principles, and that acts to attain these ends. Man acts; that is, he adopts values and purposes, and chooses the ways to achieve them.

*Economic Thought Before Adam Smith*, p. 5

... every man, deep down, is either a Platonist or an Aristotelian, and the divisions run throughout their thought.

*Economic Thought Before Adam Smith*, p. 5

While Aristotle was politically more moderate than Plato, his aristocratic devotion to the *polis* was fully as evident.

... Plato's and Aristotle's thought was statist and elitist to the core, a statism which unfortunately permeated "classical" (Greek and Roman) philosophy as well as heavily influencing Christian and medieval thought. Classical "natural law" philosophy therefore

never arrived at the later elaboration, first in the Middle Ages and then in the seventeenth and eighteenth centuries, of the “natural rights” of the individual which may not be invaded by man or by government.

*Economic Thought Before Adam Smith*, p. 7

The views of the great philosopher Aristotle are particularly important because the entire structure of his thought had an enormous and even dominant influence on the economic and social thought of the high and late Middle Ages, which considered itself Aristotelian.

*Economic Thought Before Adam Smith*, p. 13

Although Aristotle, in the Greek tradition, scorned moneymaking and was scarcely a partisan of *laissez-faire*, he set forth a trenchant argument in favor of private property. ... private property is more highly productive and will therefore lead to progress. ... people will devote the greatest interest and care to their own property. ... private property is clearly implanted in man’s nature. ... Aristotle, a great observer of past and present, pointed out that private property had existed always and everywhere.

... only private property furnishes people with the opportunity to act morally, e.g., to practice the virtues of benevolence and philanthropy.

*Economic Thought Before Adam Smith*, pp. 13–14

Aristotle, like Plato, was hostile to economic growth and favored a static society ...

*Economic Thought Before Adam Smith*, p. 15

... Aristotle defended a regime of private property and Aristotle demolished Plato’s portrayal of an ideal communism ...

*Economic Thought Before Adam Smith*, p. 20

Aristotle had analyzed the advantages of money, and its overcoming of the double-coincidence-of-wants problem of barter, but his outlook was clouded by his fundamental hostility to trade and

money-making. To Aristotle, therefore, money was not natural but an artificial convention, and therefore basically a creature of the state or *polis*.

*Economic Thought Before Adam Smith*, p. 73

To Aristotle and the classic philosophers, happiness was acting in accordance with man's unique and rational nature.

*Egalitarianism as a Revolt Against Nature*, p. 267

... man, as Aristotle pointed out, is the rational animal, or to be more precise, the rational being.

*Ethics of Liberty*, p. 31

... Aristotle and Plato were statist in their approach to natural law ...

*Rothbard vs. the Philosophers*, p. 94

## ART

For all too many people, laymen and professionals alike, obscurity and bad writing equal profundity. If they can't understand it, and they hear at every hand that so-and-so is a great man and his theories the current light, their belief in his profundity will be redoubled. There are great charms to obscurity. Moreover, there are particular charms for the adepts who cluster around the great man, the circle of initiates who claim — probably correctly — that only they can truly understand his work.

*Classical Economics*, p. 103

Mushiness of mind, especially in an eminent man, is all too often mistaken for wisdom.

*Classical Economics*, p. 173

... the style very much reflects the quality of mind; clearheaded thinkers are usually lucid writers, and confused and inchoate thinkers usually write the same way.

*Classical Economics*, pp. 277–78

... academics and their constituencies all too often confuse contradictory wavering with complexity, wisdom, and judiciousness of mind.

*Classical Economics*, p. 294

One man's "ugliness" is another's "beauty," and vice versa.

*Egalitarianism as a Revolt Against Nature*, p. 178

From the onset of civilization down to the end of the nineteenth century, the idea of art-for-art's-sake would have been considered absurd, by the critics, the general public, and by the artists themselves. While each art of course has its own aesthetic criteria, these criteria have always been intimately intertwined with ethics, religious values, world views, and even directly with political philosophies held by the artist. Aristotle's definition of art in the *Poetics*: depicting man as he can be and should be, is typical of all art and not the eccentric statement of one philosopher.

All artists have had moral messages and moral outlooks entwined in their art.

*Irrepressible Rothbard*, p. 295

... the glorious and magnificent Baroque was a conscious "in-your-face" Catholic answer to Protestantism.

*Irrepressible Rothbard*, p. 296

... Baroque, in music, art, architecture, was the pinnacle that human civilization has yet reached.

*Irrepressible Rothbard*, p. 431

Since only aspects of objective reality can be meaningfully communicated, this means that art is the reshaping of reality by the artist and its subsequent communication to others.

... art is necessarily communication ...

*Strictly Confidential*, p. 385

... art: the reshaping of reality in accordance with the artist's values and the communication of these values to the reader or beholder.

In short, art is the objectification, the bringing into tangible reality, of an artist's values. ... the artist wishes to objectify his values in concrete reality.

*Strictly Confidential*, p. 386

Since all art conveys values, all art is intimately bound up with morals.

... all artists are presenting reality not as it is, but as they believe it ought to be.

*Strictly Confidential*, p. 387

... the plot is the objectification within the novel of the values and personalities of the characters. The plot is a purposeful logical progression of events, and it is through this progression of action that the author's values, and the personalities of his characters, take on concrete form. The author who presents characters without plot is not writing a novel, but a psychological casebook, which may or may not have value as psychology. Plot is therefore the critical distinguishing attribute of the novel.

A plot necessarily involves drama and conflict, and it is also a logical succession of events flowing out of the interplay of the novel's characters. A plot also implies that each individual has free will, that he is free to choose his values and to try purposefully to attain them.

*Strictly Confidential*, p. 388

The climax of the plot is of enormous importance, since this is the final resolution of the conflict, the final lesson, the concluding presentation of the author's implied philosophy of life, the ultimate impact on the reader.

*Strictly Confidential*, p. 389

## BALANCE OF PAYMENTS

The "keeping money at home" argument is patently fraudulent ...

*Economic Thought Before Adam Smith*, p. 236

There is nothing wrong with a trade deficit.

*Making Economic Sense*, p. 178

During the day of the gold standard, a deficit in the national balance of payments was a problem, but only because of the nature of the fractional-reserve banking system.

... in the fiat-money era, balance of payments deficits are truly meaningless.

*Making Economic Sense*, pp. 365–66

... inflationary bank credit expansion in one country causes prices to rise in that country, as well as an outflow of gold and a deficit in the balance of payments to other countries.

*Mystery of Banking*, p. 121

## BANKING

Generally, however, bank runs only occur after a depression has already weakened confidence ...

*America's Great Depression*, p. 55

... private banks, by expanding loans, create demand deposits which function as part of the money supply.

*Classical Economics*, p. 231

... bank deposits are just as much creatures of bank credit as bank notes ...

*Classical Economics*, p. 232

... increased production of trade does not “require” or call forth an increase in bank money. The causal chain is the other way round: increased bank note issue raises the money supply and prices, and also the nominal money value of the goods being produced.

*Classical Economics*, p. 253

... bank money or government money, whether as tangible notes or demand deposits, is an increase in the effective money supply virtually out of thin air. ...

... the creation of bank money or government paper is not socially useful ...

*Conceived in Liberty* v. 2, p. 125; p. 623<sup>1</sup>

A “free market” also means no government interference whatever in the economy. It means that private individuals and firms are free to earn money and profits, and that they are also free to lose. There can be no genuine freedom to choose without a corollary freedom to lose. No firm may be considered “too big to fail.” And so a free market in money necessarily means the abolition of central banking and of so-called deposit “insurance.” Banks must be free to fail.

*Economic Controversies*, p. 216

Bank failures are a healthy weapon by which the market keeps bank credit inflation in check ...

*Economic Controversies*, p. 861

Banking is the cause of the business cycle ...

*Economic Depressions: Their Cause and Cure*, p. 26

... when the commercial banks lend money to an individual, a business firm, or the government, they are not relending existing money that the public laboriously had saved and deposited in their vaults — as the public usually believes. They lend out new demand deposits that they create in the course of the loan.

*For a New Liberty*, p. 224

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<sup>1</sup>*Conceived in Liberty* was originally published in four individual volumes, the first page number reflects these editions. The four volumes, in 2011, were combined into one large edition, the second page number reflects the all-in-one edition.



... a libertarian prescription would stress the importance of absolute separation of money and banking from the State.

*For a New Liberty*, p. 240

The important point to realize is that the banking system, and particularly the Federal Reserve Banks, create money out of thin air. They are, in short, legalized counterfeiters.

*Libertarian Forum v. 1*, p. 485

... the word “bank” covers many different activities ...

*Making Economic Sense*, p. 277

... most commercial banking is “deposit banking” based on a gigantic scam: the idea, which most depositors believe, that their money is down at the bank, ready to be redeemed in cash at any time ... the depositors are systematically deluded. Their money ain’t there.

*Making Economic Sense*, p. 279

The proclaimed fact that our banking system relies so massively on our “confidence” demonstrates that such confidence is sadly misplaced.

*Making Economic Sense*, p. 343

A warehouse specializing in money is known as a “bank.”

*Man, Economy, and State with Power and Market*, p. 801

... banks will be particularly subject to the temptation to commit fraud ... The fact that money is a homogeneous good means that people do not care whether the money they redeem is the original money they deposited. This makes bank frauds easier to accomplish.

*Man, Economy, and State with Power and Market*, p. 802

... the more money the bank creates, the more profits it will earn ...

*Man, Economy, and State with Power and Market*, p. 809

... the commercial banks are literally creating money out of thin air.

*Man, Economy, and State with Power and Market*, p. 990

... banks create money ... they are, in a sense, money-creating factories.

*Mystery of Banking*, p. 2

When one speaks of banks, there is a semantic problem, since the word bank covers several very different functions and activities. In particular, modern banking mixes and confuses two different operations with very different effects: loans and deposits.

*Mystery of Banking*, p. 75

Loan banking is a productive, noninflationary institution.

... Credit, and loan banking, is productive, benefits both the saver and the borrower, and causes no inflationary increase in the money supply.

*Mystery of Banking*, p. 79

A requirement that banks act as any other warehouse, and that they keep their demand liabilities fully covered, that is, that they engage only in 100 percent banking, would quickly and completely put an end to the fraud as well as the inflationary impetus of modern banking. Banks could no longer add to the money supply, since they would no longer be engaged in what is tantamount to counterfeiting.

*Mystery of Banking*, pp. 109–10

Bankers are inherently inclined toward statism.

Commercial bankers, engaged as they are in unsound fractional reserve credit, are, in the free market, always teetering on the edge of bankruptcy. Hence they are always reaching for government aid and bailout.

Investment bankers do much of their business underwriting government bonds, in the United States and abroad. Therefore, they have a vested interest in promoting deficits and in forcing

taxpayers to redeem government debt. Both sets of bankers, then, tend to be tied in with government policy, and try to influence and control government actions in domestic and foreign affairs.

*Wall Street, Banks, and American Foreign Policy*, p. 1

... economically, there is no difference whatever between a bank note and a bank deposit.

*What Has Government Done to Our Money?*, p. 38

... the bank note or deposit is not an IOU, or debt; it is a warehouse receipt for other people's property.

*What Has Government Done to Our Money?*, p. 42

A bank, then, is not taking the usual business risk. It does not, like all businessmen, arrange the time pattern of its assets proportionately to the time pattern of liabilities, i.e., see to it that it will have enough money, on due dates, to pay its bills. Instead, most of its liabilities are instantaneous, but its assets are not.

*What Has Government Done to Our Money?*, pp. 42–43

The bank creates new money out of thin air ...

*What Has Government Done to Our Money?*, p. 43

... the bank is already and at all times bankrupt; but its bankruptcy is only revealed when customers get suspicious and precipitate "bank runs."

*What Has Government Done to Our Money?*, p. 43

## BASTIAT, FRÉDÉRIC

... a truly scintillating advocate of an untrammelled free market.

*Classical Economics*, p. 444

Bastiat's fable of the broken window ... brilliantly refuted Keynesianism nearly a century before its birth.

*Classical Economics*, p. 445

... a consistent civil libertarian ...

*Classical Economics*, p. 447

... the nineteenth century French *laissez-faire* economist Frédéric Bastiat ... stressed that government intervention stemmed from the fact that the benefits of subsidies or privileges are often direct and immediate, whereas the greater unfortunate consequences are more remote and indirect. The former are “seen” whereas the latter are “unseen,” and therefore the seeming benefits get all the attention.

*Economic Thought Before Adam Smith*, p. 333

... even if it be objected that governmental services are worth something, it would have to be noted that we are again suffering from the error pointed out by Bastiat: a sole emphasis on what is seen, to the neglect of what is not seen. We may see the government’s hydroelectric dam in operation; we do not see the things that private individuals would have done with the money — whether buying consumers’ goods or investing in producers’ goods — but which they were compelled to forgo.

*Man, Economy, and State with Power and Market*, p. 940

... libertarianism — *laissez-faire* — reached its apogee in the French rationalist works of Bastiat, Molinari, etc., in the middle and late nineteenth century.

*Rothbard vs. the Philosophers*, p. 66

## BENTHAM, JEREMY

Jeremy Bentham (1748–1832) began as a devoted Smithian but more consistently attached to *laissez-faire*. During his relatively brief span of interest in economics, he became more and more statist. His intensified statism was merely one aspect of his major — and highly unfortunate — contribution to economics: his consistent philosophical utilitarianism. This contribution, which opens a broad sluice-gate for state despotism, still remains as Bentham’s legacy to contemporary neoclassical economics.

*Classical Economics*, p. 49

... a cloistered philosopher, legal theorist, and “projector” or crank, eternally grinding out schemes for legal and political reform which he urged upon the great and powerful.

*Classical Economics*, p. 49

Bentham’s first and enduring interest was in utilitarianism ...

*Classical Economics*, p. 49

... as Bentham saw it ... government action or spending *cannot* increase the total amount of capital in society; it can only divert capital from free market to less productive uses.

*Classical Economics*, p. 51

... Bentham denied economics altogether — that is, denied the possibility of laws abstracting from particular circumstances and applying to all exchanges or actions everywhere.

*Classical Economics*, p. 54

... Jeremy Bentham’s strictly economic views, especially when he slid back to mercantilism, had no impact on economic thought, even upon his own philosophic disciples such as James Mill and Ricardo. But his philosophic views, introduced into economics by these same disciples, left an unfortunate and permanent impact on economic thought: they provided economics with its underlying and dominant social philosophy.

*Classical Economics*, p. 56

Bentham’s utilitarianism led him to an increasingly numerous “agenda” for government intervention in the economy. ... a welfare state; taxation for at least a partial egalitarian redistribution of wealth; government boards, institutes and universities; public works to cure unemployment as well as to encourage private investment; government insurance; regulation of banks and stock-brokers; guarantee of quantity and quality of goods.

*Classical Economics*, p. 62

In a profound sense, Bentham was a living *reductio ad absurdum* of Benthamism, a living object lesson of the results of his own doctrine.

*Classical Economics*, p. 62

Bentham's goal was to approach, or simulate, the "ideal perfection" of complete and continuous inspection of everyone.

*Classical Economics*, p. 63

For Bentham, the state is the necessary cradle of the law, and every individual citizen's duty is to obey that law. What the public needs and wants is not liberty but "security," for which the power of the sovereign state must be unbounded and infinite.

*Classical Economics*, p. 67

... a statist economist ...

*Classical Economics*, p. 481

This utilitarian crippling of libertarianism is still with us. Thus, in the early days of economic thought, utilitarianism captured free-market economics with the influence of Bentham and Ricardo, and this influence is today fully as strong as ever.

*For a New Liberty*, p. 20

Bentham was indeed terrible ... but why? Precisely because his "rationalism" was a false one, for it rejected and attacked the true rationalist tradition of natural rights. It was because Bentham attacked natural rights and substituted the utilitarian doctrine that morality cannot be found by right reason, that he permitted the State to define morality and employ coercion.

*Rothbard vs. the Philosophers*, p. 65

## BIMETALLISM

... bimetallism never works in practice ... since Gresham's law pushes the undervalued metal out of circulation and encourages the overvalued ...

*Classical Economics*, p. 247

... Gresham's Law ... states that when government compulsorily overvalues one money and undervalues another, the undervalued money will leave the country or disappear into hoards, while the overvalued money will flood into circulation. Hence, the popular catchphrase of Gresham's Law: "Bad money drives out good." But the important point to note is that the triumph of "bad" money is the result, not of perverse free-market competition, but of government using the compulsory legal tender power to privilege one money above another.

*History of Money and Banking in the United States*, pp. 47–48

... Gresham's Law should read: "Money overvalued by the State will drive money undervalued by the State out of circulation." Whenever the State sets an arbitrary value or price on one money in terms of another, it thereby establishes an effective minimum price control on one money and a maximum price control on the other, the "prices" being in terms of each other. ... Under bimetallicism, a nation recognized gold and silver as moneys, but set an arbitrary price, or exchange ratio, between them. When this arbitrary price differed, as it was bound to do, from the free-market price (and this became ever more likely as time passed and the free-market price changed, while the government's arbitrary price remained the same), one money became overvalued and the other undervalued by the government.

*Man, Economy, and State with Power and Market*, p. 899

No country, therefore, can maintain a bimetallic system in practice, since one money will always be undervalued or overvalued in terms of the other. The overvalued always displaces the other from circulation, the latter being scarce.

*Man, Economy, and State with Power and Market*, p. 900

## **BÖHM-BAWERK, EUGEN VON**

... the Austrian Eugen von Böhm-Bawerk, in the second volume of his notable *Capital and Interest*, inconsistently returned to the productivity theory of interest after he had demolished that theory in the first volume. After coming to the brink of replacing the

productivity theory by a time-preference theory of interest, Böhm-Bawerk withdrew from that path and tried to combine the two explanations — an eclecticism that capital and interest theory (in its “real” form) has followed ever since.

*Capital, Interest, and Rent*, p. 3

... the first to state properly the central problem of interest theory: To explain why present goods are valued more highly than future goods.

*Capital, Interest, and Rent*, pp. 9–10

... Böhm-Bawerk’s productivity explanation of interest makes use of the concept of the present value of capital and therefore assumes that the interest rate is already given, since it is needed to determine the present value of capital. Thus, Böhm-Bawerk’s productivity explanation of interest involved circular reasoning.

*Capital, Interest, and Rent*, p. 10

Since interest must have a unitary explanation, Böhm-Bawerk’s analysis is something of a retrogression.

*Capital, Interest, and Rent*, p. 12

Böhm-Bawerk’s devastating refutation of the ... Marxian system remains definitive. It swept the boards in professional economics, and has remained dominant ever since, successfully inoculating economists, at least, against the Marxian virus, and certainly against the labor theory of value.

... Böhm-Bawerk, in sum, posed the grave inner contradiction of Marxian theory plainly and starkly: Marx claimed that goods exchanged on the market in proportion to the quantities of labor embodied in them (i.e., that their values are determined by the quantity of labor-hours needed to produce them), and yet also conceded that the rates of profit on all goods tended to be equal. And yet, if the first clause is true, the rates of profit would be systematically lower in proportion to the intensity of capital investment, and higher in proportion to their labor-intensiveness of production.

*Classical Economics*, p. 414



As Böhm-Bawerk was later to point out, even if we choose to adopt this cost-of-production approach, we have to recognize that capital embodies not just labor, and land, but also time. Land, as we shall see further, was tossed out by Marx by amalgamating it into capital; but if time had been acknowledged as an important factor, then time-preference would have to be acknowledged, and the entire Marxian system would have collapsed.

*Classical Economics*, p. 434n4

A case could easily be made that Böhm-Bawerk's superb capital structure theory was "macro" as well as "micro."

*Economic Controversies*, p. 205n60

... Böhm-Bawerk's analysis of time preference and interest went far deeper, and far beyond the loan market for he showed that time-preference and hence interest return exist apart from or even in the absence of any lending at all. For the capitalist who purchases or hires land and labor factors and employs them in production is buying these factors with money (present good) in the expectation that they will yield a future return of output, of either capital goods or consumer goods. ...

Therefore, in the Böhm-Bawerkian or Austrian insight, factors of production, hence workers or landowners, do not earn, as in neoclassical analysis, their marginal value product in equilibrium. They earn their marginal value product discounted by the rate of time-preference or rate of interest. And the capitalist, for his service of supplying factors with present goods and waiting for future returns, is paid the discount. Hence, time-preference and interest income exist in the state of equilibrium, and not simply as a charge on loans but as a return earned by every investing capitalist.

*Economic Controversies*, p. 265

... insight that the time market is not merely the credit market. For when workers and landowners earn money now for products that will only reap a return to capitalists in the future, they are receiving advances on production paid for out of capitalist saving,

advances for which they in effect pay the capitalists a discount in the form of an interest return.

*Economic Controversies*, p. 267

... Böhm-Bawerk did not develop the theory of profits, losses, and uncertainty to any extent, which had to wait for Mises ...

*Economic Controversies*, p. 285

Böhm-Bawerk's need to claim originality and to demolish all his predecessors took precedence over the requirements of truth and justice.

*Economic Thought Before Adam Smith*, p. 402

... the first great systematizer of the Austrian School of economics ...

*Economic Thought Before Adam Smith*, p. 513

... Eugen Böhm-Bawerk, one of the greatest of all economists.

*Man, Economy, and State with Power and Market*, p. 327

Böhm-Bawerk's greatness as an economist needs no defense ...

*Man, Economy, and State with Power and Market*, p. 328n5

The importance of time preference was first seen by Böhm-Bawerk.

*Man, Economy, and State with Power and Market*, p. 389n12

... Böhm-Bawerk [had a] highly unfortunate lapse into a productivity theory of interest ...

*Man, Economy, and State with Power and Market*, p. 425n27

It is true, too, that the presentation by the master of capital and production theory, Böhm-Bawerk, sowed confusion by giving an historical interpretation to the structure of production. This is particularly true of his concept of the "average period of production," which attempted to establish an average length of production processes operating at present, but stretching back to the beginning of time.

*Man, Economy, and State with Power and Market*, p. 481

Böhm-Bawerk is the great founder of production-structure analysis, but unfortunately he left room for misinterpretation by identifying capital accumulation with adopting “more roundabout” methods of production.

*Man, Economy, and State with Power and Market*, p. 537

... Böhm-Bawerk, didn’t discuss problems of monopoly, and in so doing, implied that the economic system was generally competitive.

*Strictly Confidential*, p. 314

## BORDERS

... it must be recognized that there are no just national boundaries *per se*; that real justice can only be founded on the property rights of individuals. ...

National boundaries are only just insofar as they are based on voluntary consent and the property rights of their members or citizens.

*Irrepressible Rothbard*, p. 230

One of the great swindles behind the idea of “collective security against aggression,” as spread by the “inter-nationalist”-interventionists of the 1920s and ever since, is that this requires us to regard as sacred all of the national boundaries which have been often imposed by aggression in the first place. Such a concept requires us to put our stamp of approval upon the countries and territories created by previous imperial aggression.

*Libertarian Forum v. 1*, p. 45

Political boundaries of nations may be important for other reasons, but they have no economic meaning whatever.

*Making Economic Sense*, p. 356

... governments cannot be assumed to be innocent individuals possessing just property rights in their territory. Government boundaries are not productive acquisitions, as is private property.

They are almost always the result of previous aggressions and coercion by governments on both sides. We cannot assume that every existing state has the absolute right to “own” or control all the territory within its generally arbitrary borders.

*Making Economic Sense*, p. 393

## BUREAUCRACY

... there is nothing more important to a bureaucrat and his organization than their income.

*Libertarian Forum* v. 2, p. 765

... bureaucratic opportunists and unprincipled technicians and would-be technicians find it difficult to engage in any sort of reasoned argument. Argument means principle, and principle is precisely what opportunists are always weak on. ... What bureaucrats and power elites always want is for the opposition to shut up and go away, to obey orders, to accept their assigned tasks.

*Libertarian Forum* v. 2, p. 970

Bureaucracy, incompetent enough to plan a stationary system, is vastly more incompetent at planning a progressive one.

*Man, Economy, and State with Power and Market*, p. 961

... the State erects a bureaucracy whose living is acquired by feeding off the confiscation of one group and the encouraged mendicancy of another.

*Man, Economy, and State with Power and Market*, p. 1319

## BUSINESS CYCLE

... inflation is not the only unfortunate consequence of governmental expansion of the supply of money and credit. For this expansion distorts the structure of investment and production, causing excessive investment in unsound projects in the capital goods industries. This distortion is reflected in the well-known fact that, in every boom period, capital goods prices rise further

than the prices of consumer goods. The recession periods of the business cycle then become inevitable, for the recession is the necessary corrective process by which the market liquidates the unsound investments of the boom and redirects resources from the capital goods to the consumer goods industries. The longer the inflationary distortions continue, the more severe the recession-adjustment must become.

*America's Great Depression*, p. xxvii

We may, therefore, expect specific business fluctuations all the time. There is no need for any special "cycle theory" to account for them. ...

The problem of the business cycle is one of general boom and depression; it is not a problem of exploring specific industries and wondering what factors make each one of them relatively prosperous or depressed. ... What we are trying to explain are general booms and busts in business.

In considering general movements in business, then, it is immediately evident that such movements must be transmitted through the general medium of exchange — money.

*America's Great Depression*, p. 6

The main problem that a theory of depression must explain is: why is there a sudden general cluster of business errors? This is the first question for any cycle theory. Business activity moves along nicely with most business firms making handsome profits. Suddenly, without warning, conditions change and the bulk of business firms are experiencing losses; they are suddenly revealed to have made grievous errors in forecasting.

... As a rule only some businessmen suffer losses at any one time; the bulk either break even or earn profits. How, then, do we explain the curious phenomenon of the crisis when almost all entrepreneurs suffer sudden losses? In short, how did all the country's astute businessmen come to make such errors together, and why were they all suddenly revealed at this particular time? This is the great problem of cycle theory.

*America's Great Depression*, p. 8

In the purely free and unhampered market, there will be no cluster of errors, since trained entrepreneurs will not all make errors at the same time. The “boom-bust” cycle is generated by monetary intervention in the market, specifically bank credit expansion to business.

*America’s Great Depression*, p. 9

... we cannot apply the “business cycle” label to any processes of the free market. Irregular fluctuations, in response to changing consumer tastes, resources, etc., will certainly occur, and sometimes there will be aggregate losses as a result. But the regular, systematic distortion that invariably ends in a cluster of business errors and depression — characteristic phenomena of the “business cycle” — can only flow from intervention of the banking system in the market.

*America’s Great Depression*, pp. 35–36

The underconsumption theory cannot explain the cluster of errors in the crisis.

*America’s Great Depression*, p. 58

If underconsumption were a valid explanation of any crisis, there would be depression in the consumer goods industries, where surpluses pile up, and at least relative prosperity in the producers’ goods industries. Yet, it is generally admitted that it is the producers’, not the consumers’ goods industries that suffer most during a depression. Underconsumptionism cannot explain this phenomenon. ... Every crisis is marked by malinvestment and undersaving, not underconsumption.

*America’s Great Depression*, pp. 59–60

Another popular theory attributes business cycles to alternating psychological waves of “overoptimism” and “overpessimism.” This view neglects the fact that the market is geared to reward correct forecasting and penalize poor forecasting. Entrepreneurs do not have to rely on their own psychology; they can always refer their actions to the objective tests of profit and loss. Profits indicate that

their decisions have borne out well; losses indicate that they have made grave mistakes. These objective market tests check any psychological errors that may be made.

*America's Great Depression*, p. 80

... the artificial holding down of the bank loan rate below the profit rate will stimulate an excessive borrowing, artificially high levels of investment, and a continuing monetary and price inflation.

*Classical Economics*, p. 177

... the boom begins with the excessive investment of savings in fixed capital. ... Too many money savings are poured into the production of fixed capital, whereas too few are used to produce consumer goods. In short, the boom is characterized by an undue shift of resources from consumption goods to capital goods. ... But as the consumers come to spend their wages on a lower supply of consumer goods, the price of consumer goods will inevitably rise. In short, consumption and investment have become excessive in relation to the savings available. In response to the rising prices of consumer goods, consumer goods producers will attempt to expand output and thereby increase their demand for capital, i.e., their demand for loans. ... During the depression, excessive investment is abandoned, resulting eventually in recovery to a sound and normal condition.

... the boom is the economic distortion that necessarily generates the unhappy but curative depression that finally restores a sound economy.

*Classical Economics*, p. 261

The most obvious and blatant problem with an underconsumptionist theory of economic crises is that it explains too much. For if the consumption of the masses is never enough to buy back the product and keep business profitable, why is there no permanent depression? Why are there booms as well as busts?

*Classical Economics*, p. 429

... underconsumption is a totally flawed theory, whether used to explain cyclical crises or permanent depressions ... as in the case of every crazy theory, the price system quietly drops out of the picture, and we are left with such aggregative juggernauts as “production” and “consumption” facing each other. There is no such thing as overproduction; there is only too much produced for the price that consumers are willing to pay, a price which, in crises, does not cover the costs incurred by businessmen. But, once we recognize that, we must then also see that, in order to bring production and consumption into balance, in order to eliminate the problem of supply, or stock, being greater than demand, all that need happen is for prices to fall. Let prices fall, and they will soon equilibrate supply and demand, and business losses will only be temporary.

*Classical Economics*, p. 430

... crises invariably begin, not in the consumer goods industries that underconsumptionism would lead us to expect, but precisely in capital goods industries, and in those industries farthest and most remote from the consumer. The problem it would seem — correctly — is too much rather than too little consumption.

*Classical Economics*, p. 430

... the business cycle phenomenon, the recurring alternations of boom and bust with which we have become all too familiar, cannot occur in a free and unhampered market ... expansion of bank money causes an artificial lowering of the rate of interest, and an artificial and uneconomic overinvestment in capital goods: machinery, plant, industrial raw materials, construction projects. As long as the inflationary expansion of money and bank credit continues, the unsoundness of this process is masked, and the economy can ride on the well-known euphoria of the boom; but when the bank credit expansion finally stops, and stop it must if we are to avoid a runaway inflation, then the day of reckoning will have arrived. For without the anodyne of continuing inflation of money, the distortions and misallocations of production, the overinvestment in uneconomic capital projects and the excessively high prices and wages in those capital goods industries become evident and obvious. It is then that the inevitable recession sets in, the recession being the reaction



by which the market economy readjusts itself, liquidates unsound investments, and realigns prices and outputs of the economy so as to eliminate the unsound consequences of the boom. The recovery arrives when the readjustment has been completed.

*Economic Controversies*, pp. 236–37

... depressions are never caused by “underconsumption” ...

*Economic Controversies*, p. 558

... the Austrian theory of the trade cycle reveals that only the inflationary bank credit expansion that enters the market through new business loans (or through purchase of business bonds) generates the over-investment in higher-order capital goods that leads to the boom-bust cycle.

*Economic Controversies*, p. 737

... inflationary bank credit can only lead to a destructive boom-bust business cycle. ... Any bank credit expansion in commercial loans is sufficient to generate the business cycle, whether a central bank exists or not.

*Economic Controversies*, pp. 880–81

... the “over-investment” is caused by continuous monetary inflation by the banks ...

*Economic Controversies*, p. 917

... “general economic theory” teaches us that supply and demand always tend to be in equilibrium in the market and that therefore prices of products as well as of the factors that contribute to production are always tending toward some equilibrium point. Even though changes of data, which are always taking place, prevent equilibrium from ever being reached, there is nothing in the general theory of the market system that would account for regular and recurring boom-and-bust phases of the business cycle.

*Economic Depressions: Their Cause and Cure*, p. 14

... a theory of depression must account for the mammoth cluster of errors which appears swiftly and suddenly at a moment of economic crisis, and lingers through the depression period until recovery.

*Economic Depressions: Their Cause and Cure*, pp. 18–19

... booms and busts are much more intense and severe in the “capital goods industries” — the industries making machines and equipment, the ones producing industrial raw materials or constructing industrial plants — than in the industries making consumers’ goods. Here is another fact of business cycle life that must be explained — and obviously can’t be explained by such theories of depression as the popular underconsumption doctrine: That consumers aren’t spending enough on consumer goods. For if insufficient spending is the culprit, then how is it that retail sales are the last and the least to fall in any depression, and that depression really hits such industries as machine tools, capital equipment, construction, and raw materials?

*Economic Depressions: Their Cause and Cure*, p. 19

... the business cycle is brought about, not by any mysterious failings of the free market economy, but quite the opposite: By systematic intervention by government in the market process. Government intervention brings about bank expansion and inflation, and, when the inflation comes to an end, the subsequent depression-adjustment comes into play.

*Economic Depressions: Their Cause and Cure*, p. 28

Without bank credit expansion, supply and demand tend to be equilibrated through the free price system, and no cumulative booms or busts can then develop.

*Economic Depressions: Their Cause and Cure*, p. 30

A lower rate of interest on the free market is a good sign because it reflects a lower rate of time preference, and hence increased savings and capital investment. But any attempt to force a lower interest rate than that reflecting such voluntary savings causes incalculable

damage and leads to depressions in the business cycle. Trying to lower the interest rate and expecting good results is very much like trying to raise the heat in a room by forcing up the thermometer.

*Egalitarianism as a Revolt Against Nature*, p. 216

... there is no reason to expect boom-bust cycles in the overall economy. In fact, there is reason to suspect just the opposite; for usually the free market works smoothly and efficiently ...

*For a New Liberty*, p. 229

As “Austrian” business cycle theory has pointed out, any bank credit inflation sets up conditions for boom-and-bust ...

*History of Money and Banking in the United States*, p. 94

... the importance of the Hayek theory of the business cycle is that it puts the blame for the boom-bust cycle squarely on the shoulders of the government and its controlled banking system, and, for the first time since the classical economists of the nineteenth century, completely absolves the free-enterprise economy from the blame. When the government and its central bank encourages the expansion of bank credit, it not only causes price inflation, but it also causes increasing malinvestments, specifically unsound investments in capital goods and underproduction of consumer goods. Hence, the government-induced inflationary boom not only injures consumers by raising prices and the cost of living, but also distorts production, and creates unsound investments. The government is then faced repeatedly with two basic choices: either stop its monetary and bank credit inflation, which then will necessarily be followed by a recession which serves to liquidate the unsound investments and return to a genuinely free-market structure of investment and production; or continue inflating until a runaway inflation totally destroys the currency and brings about social and economic chaos.

*Libertarian Forum v. 1*, p. 516

... bringing down the interest rate by government coercion lowers it below the true, “time preference” rate, thereby causing vast dislocations and distortions on the market.

*Making Economic Sense*, p. 171

... Austrian cycle theory always survives to bury its enemies.

*Making Economic Sense*, p. 264

The boom-bust cycle began in the eighteenth century with the beginnings of central banking, and has spread and intensified ever since, as central banking spread and took control of the economic systems of the Western world. Only the abolition of the Federal Reserve System and a return to the gold standard can put an end to cyclical booms and busts ...

*Making Economic Sense*, p. 293

The fundamental insight of the “Austrian,” or Misesian, theory of the business cycle is that monetary inflation via loans to business causes overinvestment in capital goods, especially in such areas as construction, long-term investments, machine tools, and industrial commodities. On the other hand, there is a relative underinvestment in consumer goods industries. And since stock prices and real-estate prices are titles to capital goods, there tends as well to be an excessive boom in the stock and real-estate markets.

*Making Economic Sense*, p. 319

... boom-bust cycles are caused, not by mysterious defects inherent in industrial capitalism, but by the unfortunate inflationary bank credit expansion propelled by central banks.

*Making Economic Sense*, p. 447

... there can be no business cycle on the free market.

*Man, Economy, and State with Power and Market*, p. 856

The cluster of error suddenly revealed by entrepreneurs is due to the interventionary distortion of a key market signal — the interest rate.

*Man, Economy, and State with Power and Market*, p. 1000

Credit expansion always generates the business cycle process ...

*Man, Economy, and State with Power and Market*, p. 1003

Business cycles are caused by the governmental intervention of bank-credit expansion.

*Man, Economy, and State with Power and Market*, p. 1299

... every business cycle is marked, and even ignited, by inflationary expansions of bank credit. ... bank credit expansion raises prices and causes a seeming boom situation, but a boom based on a hidden fraudulent tax on the late receivers of money. The greater the inflation, the more the banks will be sitting ducks, and the more likely will there be a subsequent credit contraction touching off liquidation of credit and investments, bankruptcies, and deflationary price declines.

*Mystery of Banking*, p. 103

Fractional reserve banking has given rise to a boom and bust business cycle.

*Mystery of Banking*, p. 114

... whenever the newly issued money is first used as loans to business, inflation causes the dread "business cycle."

*What Has Government Done to Our Money?*, p. 55

## BUSINESSMEN

In the market economy, one of the most vital functions of the businessman is to be an "entrepreneur," a man who invests in productive methods, who buys equipment and hires labor to produce something which he is not sure will reap him any return. In short, the entrepreneurial function is the function of forecasting the uncertain future. Before embarking on any investment or line of production, the entrepreneur, or "enterpriser," must estimate present and future costs and future revenues and therefore estimate whether and how much profits he will earn from the investment. If he forecasts well and significantly better than his business

competitors, he will reap profits from his investment. The better his forecasting, the higher the profits he will earn. If, on the other hand, he is a poor forecaster and overestimates the demand for his product, he will suffer losses and pretty soon be forced out of the business.

*Economic Depressions: Their Cause and Cure*, pp. 15–16

Businessmen and other producers direct their energies, on the free market, to producing those products which will be most rewarded by the consumers ...

*Egalitarianism as a Revolt Against Nature*, p. 135

Only the actual entrepreneur, through the give and take of the market, can decide where the maximum-profit size is and can set the firm at that point. This is the task of the businessman and not of the economist.

*Man, Economy, and State with Power and Market*, p. 598

... the free-market process precisely rewards those businessmen who are equipped to make a minimum number of errors.

*Man, Economy, and State with Power and Market*, p. 853

Businessmen ... can either be genuine free enterprisers or statist; they can either make their way on the free market or seek special government favors and privileges. They choose according to their individual preferences and values.

*Wall Street, Banks, and American Foreign Policy*, p. 1

## CANTILLON EFFECT

Monetary inflation, then, acts as a hidden “tax” by which the early receivers expropriate (i.e., gain at the expense of) the late receivers.

*Case Against the Fed*, p. 24

... the inflation process necessarily involves a redistribution of wealth and income.

... the privileged beneficiaries of inflation and depreciation are, largely, the central banks themselves and their stockholders, as well as merchants who borrow from these banks, and exporters who benefit by the depreciation of foreign exchange. All these are bought at the expense of the public.

*Classical Economics*, p. 182

... in a transition period to a new monetary equilibrium there are always gains by those whose selling prices rise faster than their buying prices, and losses by those whose costs rise faster than selling prices, and who are late in receiving the new money. ...

... some of these changes in relative income and wealth will be permanent. In short, changes in the money supply are never neutral to the economy, and their effects are never confined to the “level” of prices.

*Classical Economics*, p. 210

Creation of paper or bank money (“inflation”), therefore, confers a special privilege on some groups, at the expense of the producers and at the expense of the society’s money. The groups that benefit include the first issuers and receivers of the new money, those who sell to them, and generally those whose selling prices rise because of the inflation before a rise in the prices of the goods they have to buy. These groups gain by imposing losses on those to whom the new money is the last to trickle down, that is, those whose buying prices rise before the prices of the goods or services they have to sell.

*Conceived in Liberty v. 2*, p. 126; p. 624

... the people who first receive new injections of money (whether the counterfeiting be legal or illegal) do benefit first (that is, the counterfeiters and those whom they spend the money on, or, as banks, lend the money to), but they do so at the expense of those who receive the money last and who find the prices of things they have to buy shooting up before the new injection filters down to them. There is a “multiplier” effect of injecting new money, but it is an effect that exploits some people for the benefit of others, and

being exploitation, it is also a drag and a burden upon genuine production on the free market.

*Egalitarianism as a Revolt Against Nature*, pp. 213–14

... while money is a commodity subject to the supply-and-demand determination of value of any other commodity, it differs in one crucial aspect. Other things being equal, an increase in the supply of consumer goods confers a social benefit by raising living standards. But money, in contrast, has only one function: to exchange, now or at some time in the future, for capital or consumer goods. Money is not eaten or used as are consumer goods, nor used up in production as are capital goods. An increase in the quantity of money only serves to dilute the exchange effectiveness of each franc or dollar; it confers no social benefit whatever. In fact, the reason why the government and its controlled banking system tend to keep inflating the money supply, is precisely because the increase is not granted to everyone equally. Instead, the nodal point of initial increase is the government itself and its central bank ... early receivers of the new money ... benefit at the expense of those down the line of the chain, or ripple effect, who get the new money last, or of people on fixed incomes who never receive the new influx of money.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 11

... inflation is a form of taxation, in which the government and other early receivers of new money are able to expropriate the members of the public whose income rises later in the process of inflation.

*Making Economic Sense*, p. 10

... inflation, in other words, not only raises prices and destroys the value of the currency unit; it also acts as a giant system of expropriation of the late receivers by the counterfeiters themselves and by the other early receivers. Monetary expansion is a massive scheme of hidden redistribution.

... Monetary expansion then becomes a giant scheme of hidden taxation ...

*Making Economic Sense*, p. 277



... monetary inflation is counterfeiting, plain and simple. As in counterfeiting, the creation of new money simply diverts resources from producers, who have gotten their money honestly, to the early recipients of the new — to the counterfeiters, and to those on whom they spend their money.

*Making Economic Sense*, pp. 318–19

A change in the money relation necessarily involves gains and losses because money is not neutral and price changes do not take place simultaneously.

*Man, Economy, and State with Power and Market*, p. 811

... When a change in the money relation causes prices to rise, the man whose selling price rises before his buying prices gains, and the man whose buying prices rise first, loses. The one who gains the most from the transition period is the one whose selling price rises first and buying prices last. Conversely, when prices fall, the man whose buying prices fall before his selling price gains, and the man whose selling price falls before his buying prices, loses.

*Man, Economy, and State with Power and Market*, p. 812

The increasing money supply is only a social waste and can only advantage some at the expense of others.

*Man, Economy, and State with Power and Market*, p. 991

Inflation, then, confers no general social benefit; instead, it redistributes the wealth in favor of the first-comers and at the expense of the laggards in the race.

*What Has Government Done to Our Money?*, p. 52

## CANTILLON, RICHARD

... Richard Cantillon ... virtually founded modern economics ...

*Classical Economics*, p. 332

... Richard Cantillon was the first theorist to demarcate an independent area of investigation — economics — and to write a general treatise on all its aspects.

... Cantillon is the “first of the moderns” ...

*Economic Thought Before Adam Smith*, p. 347

Cantillon engaged in the first sophisticated modern analysis of market pricing, showing in detail how demand interacts with existing stock to form prices.

*Economic Thought Before Adam Smith*, p. 349

One of Cantillon’s remarkable contributions to economic thought is that he was the first to stress and analyze the entrepreneur.

*Economic Thought Before Adam Smith*, p. 351

While Cantillon, therefore, saw how markets and the location of economic activity were able to regulate themselves harmoniously, he was not a consistent free trader internally just as he was not in the foreign trade area.

*Economic Thought Before Adam Smith*, p. 354

... was the first, in a pre-Austrian analysis, to understand that money enters the economy as a step-by-step process and hence does not simply increase or raise prices in a homogeneous aggregate.

*Economic Thought Before Adam Smith*, p. 355

Cantillon held that the rate of interest is determined by the number and interactions of lenders and borrowers, just as the prices of particular goods are determined by the interaction of buyers and sellers.

*Economic Thought Before Adam Smith*, p. 357

In his analysis of expanding credit lowering the rate of interest, furthermore, Cantillon provides the first hints of the later Austrian theory of the business cycle.

*Economic Thought Before Adam Smith*, p. 357

... the entire thrust of Cantillon's work was in a free trade, *laissez-faire* direction. ... Cantillon was the first to show in detail that all parts of the market economy fit together in a "natural," self-regulative, equilibrating pattern, with existing supply and demand determining prices and wages, and ultimately the pattern of production. Consumer values, furthermore, determined demand, with population adjusting to cultural and economic factors. The equilibrators of the economy were the entrepreneurs, who adjust to and cope with the all-pervasive uncertainty of the market. And if the market economy, despite the "chaos" it might seem to superficial observers, is really harmoniously self-regulating, then government intervention as such is either counterproductive or unnecessary.

*Economic Thought Before Adam Smith*, pp. 359–60

## CAPITAL

Although capital is the previous creation of labor, once in existence it is used by labor to increase production.

*Classical Economics*, p. 22

More machinery means an increase in productivity of labor and a fall in the cost of production. Such increase in capital is particularly beneficial to the mass of consumers, for competition lowers the price of product as well as the cost of production. Furthermore, increased machinery permits a superior quality of product, and allows the creation of new products which would not have been available under handicraft production. The enormous increase in production and rise in the standard of living releases human energies from the scramble for subsistence to permit cultivation of the arts, even of frivolity ...

*Classical Economics*, p. 23

In the long run, capital will earn the same return in all firms and industries ...

*Classical Economics*, p. 24

... greater capital investment will eventually lower the labor time required to produce a unit of output, but only by increasing the waiting time between the initial point of investment and the eventual unit of consumer goods.

*Classical Economics*, p. 140

... lengthening the process of production, or the time involved in the process of investing in capital, will enable the use of capital goods of greater physical productivity. But while waiting a longer time will enable one to tap more physically productive processes of production, this benefit must always be weighed against the unwelcome necessity of waiting longer into the future until the return from capital is obtained. ... To balance against the greater productivity of waiting longer into the future, the capitalist must charge an interest rate based on the greater desirability of present as against future goods. In short, investors must sacrifice present for future goods.

*Classical Economics*, p. 141

... capital accumulation increases the amount of capital relative to the supply of labor, and therefore raises the productivity of labor, as well as standards of living in the economy.

*Classical Economics*, p. 464

Capital moves from low return investments (whether profit rates or interest rates) toward high-return investments until rates of return are equal.

*Making Economic Sense*, p. 35

... the classes of factors of production are Labor, Land, and the produced factors, which are termed Capital Goods.

*Man, Economy, and State with Power and Market*, p. 10

... there is only one way by which man can increase his production of consumers' goods per unit of time — by increasing the quantity of capital goods. Beginning with unaided labor and nature, he must, to increase his productivity, mix his labor energy with

the elements of nature to form capital goods. These goods are not immediately serviceable in satisfying his wants, but must be transformed by further labor into lower-order capital goods, and finally into the desired consumers' goods.

*Man, Economy, and State with Power and Market*, p. 47

Capital is a way station along the road to the enjoyment of consumers' goods.

*Man, Economy, and State with Power and Market*, p. 52

... the role of capital is to advance men in time toward their objective in producing consumers' goods.

... for any formation of capital, there must be saving — a restriction of the enjoyment of consumers' goods in the present — and the investment of the equivalent resources in the production of capital goods.

*Man, Economy, and State with Power and Market*, pp. 52–53

Capital goods have no independent productive power of their own; in the last analysis they are completely reducible to labor and land, which produced them, and time. Capital goods are “stored-up” labor, land, and time; they are intermediate way stations on the road to the eventual attainment of the consumers' goods into which they are transformed. At every step of the way, they must be worked on by labor, in conjunction with nature, in order to continue the process of production. Capital is not an independent productive factor like the other two.

*Man, Economy, and State with Power and Market*, p. 58

... capital goods are not independently productive. They are the imputable creatures of land and labor (and time). Therefore, capital goods generate no interest income ... no income accrues to the owners of capital goods as such.

*Man, Economy, and State with Power and Market*, p. 352

Capital goods are vital and of crucial importance in production, but their production is, in the long run, imputable to land, labor, and time factors.

*Man, Economy, and State with Power and Market*, p. 373

... civilization advances by virtue of additional capital, which lengthens production processes. Greater quantities of goods are made possible only through the employment of more capital in longer processes.

*Man, Economy, and State with Power and Market*, p. 399

The capital value of capital goods still reduces to wages and the capital value of land.

*Man, Economy, and State with Power and Market*, p. 495

... a lower pure rate of interest increases the quantity and value of capital goods available.

*Man, Economy, and State with Power and Market*, p. 549

The capital value of every durable good will equal the discounted value of the sum of future rents to be obtained from the good, the discount being the rate of interest.

*Man, Economy, and State with Power and Market*, p. 625

Lower time preferences will increase capital investment and thereby lengthen the structure of production. Such lengthening of the production structure, increasing the supply of capital goods, is the only way for man to advance from his bare hands and empty acres of land to more and more civilized standards of living. These capital goods are the necessary way stations on the road to higher total production.

*Man, Economy, and State with Power and Market*, p. 626

Ultimately, all capital goods are resolvable into labor, land, and time factors.

*Man, Economy, and State with Power and Market*, p. 679

Capital is the status of productive goods along the path to eventual consumption. In any sort of division-of-labor economy, capital goods are built, not for their own sake by the investor, but in order to use them to produce lower-order and eventually consumers' goods.

*Man, Economy, and State with Power and Market*, p. 941

... the great modern accumulation of capital goods is an inheritance from all the net savings of our ancestors. Without them, we would, regardless of the quality of our own moral character, be living in a primitive jungle.

*Man, Economy, and State with Power and Market*, p. 1038

## CAPITALISM

Free-market capitalism is a network of free and voluntary exchanges in which producers work, produce, and exchange their products for the products of others through prices voluntarily arrived at. State capitalism consists of one or more groups making use of the coercive apparatus of the government — the State — to accumulate capital for themselves by expropriating the production of others by force and violence.

*Economic Controversies*, pp. 655–56

The difference between free-market capitalism and state capitalism is precisely the difference between, on the one hand, peaceful, voluntary exchange, and on the other, violent expropriation.

*Economic Controversies*, p. 671

Free-market capitalism, the victory of social power and the economic means, is not only the only moral and by far the most productive system; it has become the only viable system for mankind in the industrial era. Its eventual triumph is therefore virtually inevitable.

*Economic Controversies*, p. 682

There must be some rational mechanism for allocating resources efficiently, for seeing to it that the proper amounts of labor, land, and capital equipment are employed in those areas and in those ways most efficient for satisfying the wants and desires of the mass of consumers. Free-market capitalism not only provides the most smoothly efficient way, it is also the only method that relies solely on voluntary inducements.

*Libertarian Forum v. 1, p. 215*

Crucial to free enterprise and capitalism is a system of firm rights of private property, with everyone secure in the property that he earns. Also crucial to capitalism is an ethic that encourages and rewards savings, thrift, hard work, and productive enterprise, and that discourages profligacy and cracks down sternly on any invasion of property rights.

*Making Economic Sense, pp. 293–94*

... firm property right in one's own self and in the resources that one finds, transforms, and gives or exchanges, leads to the property structure that is found in free-market capitalism.

*Man, Economy, and State with Power and Market, p. 1047*

Just as free capitalism enormously expanded the amount and variety of consumers' goods and services available to mankind, so it vastly expanded the number and variety of jobs to be done and the skills that people can develop.

*Man, Economy, and State with Power and Market, p. 1317*

... it is precisely voluntary exchange and free capitalism that have led to an enormous improvement in living standards.

*Man, Economy, and State with Power and Market, p. 1319*

## CAPITALISTS

During the time of waiting for the eventual product, the workers must be able to live, and this living is precisely what the capitalists provide.



... while the product of labor is off in the future, the capitalist saves money now and hires the worker.

... the worker in effect pays the capitalist a discount from his marginal productivity for the service of supplying money now rather than having to wait for the sale of the product.

*Classical Economics*, p. 140

... neither capitalists nor workers act in practice as if they are each members of monolithic, conflicting classes. On the contrary, capitalists persist in competing with each other, and workers likewise.

*Classical Economics*, p. 383

... capitalists, being the peculiarly mobile and dynamic groups in society that can either flourish on the free market or try to obtain state privileges, are, then, particularly ill-suited to a homogeneous class analysis.

*Conceived in Liberty v. 1*, p. 262; p. 252

The capitalist performs the function of saving money to buy the raw material, and then pays the laborers in advance of sale of the product to the eventual customers.

*Economic Controversies*, p. 360

The actual world is one not of changeless “givens” but of incessant change and systemic uncertainty. Because of this uncertainty, the capitalist entrepreneur, who stakes assets and resources in attempting to achieve profits and avoid losses, becomes the crucial actor in the economic system ...

*Economic Controversies*, p. 833

... the major driving force of the market economy is not just any entrepreneur but the capitalist-entrepreneur, the man who combines both functions.

*Economic Thought Before Adam Smith*, p. 395

... since money and capital advances are indispensable to all enterprises, laborers are therefore willing to pay capitalists a discount

out of production for the service of having money paid them in advance of future revenue. In short: the interest return on investment ... is the payment by laborers to the capitalists for the function of advancing them present money so that they do not have to wait for years for their income.

*Economic Thought Before Adam Smith*, p. 396

The capitalist, far from somehow depriving the laborer of his rightful ownership of the product, makes possible a payment to the laborer considerably in advance of the sale of the product. Furthermore, the capitalist, in his capacity as forecaster or entrepreneur, saves the laborer from the risk that the product might not be sold at a profit, or that he might even suffer losses.

... the capitalists are conferring a great benefit on these laborers, making possible the entire complex vertical network of exchanges in the modern economy. For they save the money needed to buy the capital goods and to pay the laborers in advance of sale for “producing” them further.

*Ethics of Liberty*, p. 39

... the capitalists perform an extremely important service to the workers. ... As a capitalist, the employer saves money from his possible consumption, and invests the money in paying workers their income in advance of sale of product.

*Libertarian Forum v. 1*, p. 215

The capitalists earn income in their capacity as purchasers of future goods in exchange for supplying present goods to owners of factors. It is this time element, the result of the various individuals’ time preferences, and not the alleged independent productivity of capital goods, from which the interest rate and interest income arise.

The capitalists earn their interest income, therefore, by supplying the services of present goods to owners of factors in advance of the fruits of their production, acquiring their products by this purchase, and selling the products at the later date when they become present goods. Thus, capitalists supply present goods in exchange

for future goods (the capital goods), hold the future goods, and have work done on them until they become present goods. They have given up money in the present for a greater sum of money in the future, and the interest rate that they have earned is the agio, or discount on future goods as compared with present goods, i.e., the premium commanded by present goods over future goods.

*Man, Economy, and State with Power and Market*, pp. 352–53

... the capitalist-entrepreneurs speculatively advance money to the factors in the expectation of being able to recoup their money with a surplus for interest and profit after sale to the consumers.

*Man, Economy, and State with Power and Market*, p. 355

... capitalists advance present goods to owners of factors in return for future goods; then, later, they sell the goods which have matured to become present or less distantly future goods in exchange for present goods (money). They have advanced present goods to owners of factors and, in return, wait while these factors, which are future goods, are transformed into goods that are more nearly present than before. The capitalists' function is thus a time function, and their income is precisely an income representing the agio of present as compared to future goods. This interest income, then, is not derived from the concrete, heterogeneous capital goods, but from the generalized investment of time. It comes from a willingness to sacrifice present goods for the purchase of future goods (the factor services). As a result of the purchases, the owners of factors obtain their money in the present for a product that matures only in the future.

Thus, capitalists restrict their present consumption and use these savings of money to supply money (present goods) to factor owners who are producing only future goods. This is the service — an advance of time — that the capitalists supply to the owners of factors, and for which the latter voluntarily pay in the form of the interest rate.

*Man, Economy, and State with Power and Market*, p. 374

The pure capitalist, therefore, in performing a capital-advancing function in the productive system, plays a sort of intermediary

role. He sells money (a present good) to factor-owners in exchange for the services of their factors (prospective future goods). He holds these goods and continues to hire work on them until they have been transformed into consumers' goods (present goods), which are then sold to the public for money (a present good). The premium that he earns from the sale of present goods, compared to what he paid for future goods, is the rate of interest earned on the exchange.

*Man, Economy, and State with Power and Market*, p. 378

... Capitalists' savings are necessary to increase and deepen the capital structure ...

*Man, Economy, and State with Power and Market*, p. 397

... what maintains capital is gross expenditures and gross investment and not net investment. The capitalists at each stage of production, therefore, have a vital role in maintaining capital through their savings and investment, through heavy savings from gross income.

*Man, Economy, and State with Power and Market*, p. 399

Every capitalist at every stage, then, demands goods that are more distantly future than the product that he supplies, and he supplies present goods for the duration of the production stage until this product is formed. He is therefore a net supplier of present goods, and a net demander of future goods.

*Man, Economy, and State with Power and Market*, p. 407

In reality, there is no special class of capitalists set off from laborers and landowners. This is not simply due to the trite fact that even capitalists must also be consumers. It is also due to the more important fact that all consumers can be capitalists if they wish.

*Man, Economy, and State with Power and Market*, p. 410

As long as a person has any money at all, and he must have some money if he participates in the market society to any extent, he can be a capitalist.

*Man, Economy, and State with Power and Market*, p. 416

The capitalist-entrepreneur buys factors or factor services in the present; his product must be sold in the future. He is always on the alert, then, for discrepancies, for areas where he can earn more than the going rate of interest.

*Man, Economy, and State with Power and Market*, p. 510

... the capitalist-entrepreneurs, assume the bulk of the risks of the market and concomitantly relieve laborers of a great deal of risk.

*Man, Economy, and State with Power and Market*, p. 1313

## CARTELS

... just as socialist central planning could not calculate economically, no One Big Firm could own or control the entire economy.  
...

... One Big Firm would soon find itself suffering severe losses and would therefore disintegrate under this pressure. ... If, then, calculation problems begin to arise as markets disappear, this places a free-market limit, not simply on One Big Firm, but even on partial monopolies that eradicate markets. Hence, the free market contains within itself a built-in mechanism limiting the relative size of firms in order to preserve markets throughout the economy.

*Economic Controversies*, p. 824

Domestic cartels are worthless if the consumer is allowed to buy cheaper substitutes from abroad ...

*Economic Thought Before Adam Smith*, p. 217

Cartels on the market don't work well without government enforcement, without the government cracking down on competitors who insist on busting the cartel ...

*Making Economic Sense*, p. 281

Even an unchallenged cartel, of course, does not totally control its price or its market; even it is at the mercy of consumer demand. ...

... Economic theory and history both tell us that maintaining a cartel, for any length of time, is almost impossible on the free market, as the firms who restrict their supply are challenged by cartel members who secretly cut their prices in order to expand their share of the market as well as by new producers who enter the fray enticed by their higher profits attained by the cartelists.

*Making Economic Sense*, p. 386

To regard a cartel as immoral or as hampering some sort of consumers' sovereignty is therefore completely unwarranted.

*Man, Economy, and State with Power and Market*, p. 641

There is therefore no essential difference between a cartel and an ordinary corporation or partnership.

*Man, Economy, and State with Power and Market*, p. 643

... a cartel that maintains by voluntary agreement the separate identity of each firm is by nature a highly transitory and ephemeral arrangement and ... generally tends to break up on the market.

*Man, Economy, and State with Power and Market*, p. 644

... a cartel is an inherently unstable form of operation.

*Man, Economy, and State with Power and Market*, p. 651

... once one strong competitor arises to challenge it, the cartel is doomed. For as the firms in the cartel are bound by production quotas, they must watch new competitors expand and take away sales from them at an accelerating rate. As a result, the cartel must break up under the pressure of the newcomers' competition.

*Man, Economy, and State with Power and Market*, pp. 652–53

... there is nothing particularly reprehensible or destructive of consumer freedom in the establishment of a "monopoly price" or in a cartel action. A cartel action, if it is a voluntary one, cannot injure freedom of competition and, if it proves profitable, benefits rather than injures the consumers. It is perfectly consonant with a

free society, with individual self-sovereignty, and with the earning of money through serving consumers.

*Man, Economy, and State with Power and Market*, p. 657

One big cartel would not be able rationally to allocate producers' goods at all and hence could not avoid severe losses. Consequently, it could never really be established, and, if tried, would quickly break asunder.

In the production sphere, socialism is equivalent to One Big Cartel ...

*Man, Economy, and State with Power and Market*, p. 659

As long as competition is free, unhampered by governmental restrictions, no universal cartel could either exploit labor or remain universal for any length of time.

*Man, Economy, and State with Power and Market*, p. 661

Compulsory cartels are a forcing of all producers in an industry into one organization, or virtual organization. ... Compulsory cartels furnish a haven in which the inefficient firms prosper at the expense of the efficient firms and of the consumers.

*Man, Economy, and State with Power and Market*, p. 1094

... there is nothing anticompetitive *per se* about a cartel, for there is conceptually no difference between a cartel, a merger, and the formation of a corporation: all consist of the voluntary pooling of assets in one firm to serve the consumers efficiently. If "collusion" must be stopped, and cartels must be broken up by the government, i.e., if to maintain competition it is necessary that cooperation be destroyed, then the "anti-monopolists" must advocate the complete prohibition of all corporations and partnerships.

*Man, Economy, and State with Power and Market*, pp. 1118–19

One cartel or one firm could not own all the means of production in the economy, because it could not calculate prices and allocate factors in a rational manner.

*Man, Economy, and State with Power and Market*, p. 1268

The general public conceives of price-raising and price-fixing agreements to be as easy as a whispered conversation over cocktails at the club. They are, however, extremely difficult to arrange and even harder to maintain. For prices have been driven low by the competition of supply and production; in order to raise prices successfully, the firms will also have to agree to cut production. And there is the sticking point: for no business firm, no entrepreneur, and no manager likes to cut production. What they prefer to do is expand. And, if the businessman is to agree, grudgingly, to cut production, he has to make sure that his competitors will do the same. And then there will be interminable quarrels about how much production each firm is supposed to cut. ... And such agreements are very difficult to arrive at.

*Progressive Era*, p. 57

## CAUSE AND EFFECT

... the concepts of cause and effect are part and parcel of natural law analysis. Events in the world can be traced back to the interactions of specific entities. Since natures are given and identifiable, the interactions of the various entities will be replicable under the same conditions. The same causes will always yield the same effects.

*Economic Thought Before Adam Smith*, p. 4

... knowledge of definite cause-and-effect relations is necessary to any decision to act.

*Man, Economy, and State with Power and Market*, p. 43n27

In praxeology, the science of human action, however, we know the original cause — motivated action by individuals. This knowledge provides us with true axioms. From these axioms, true laws are deduced. They are deduced step by step in a logical, cause-and-effect relationship. Since first causes are known, their consequent effects are also known. Economics therefore traces unilinear cause-and-effect relations ...

*Man, Economy, and State with Power and Market*, p. 786



## CENTRAL BANK

... the most important way that a Central Bank can cartelize its banking system is by increasing the reserves of the banks, and the most important way to do that is simply by buying assets.

*Case Against the Fed*, p. 64

It should now be crystal clear what the attitude of commercial banks is and almost always will be toward the Central Bank in their country. The Central Bank is their support, their staff and shield against the winds of competition and of people trying to obtain money which they believe to be their own property waiting in the banks' vaults. The Central Bank crucially bolsters the confidence of the gulled public in the banks and deters runs upon them. The Central Bank is the banks' lender of last resort, and the cartelizer that enables all the banks to expand together so that one set of banks doesn't lose reserves to another and is forced to contract sharply or go under. The Central Bank is almost critically necessary to the prosperity of the commercial banks, to their professional career as manufacturers of new money through issuing illusory warehouse receipts to standard cash.

*Case Against the Fed*, p. 70

No institution is more necessary for State control and manipulation of a modern economy than the Central Bank ...

*Economic Controversies*, p. 714

Individual banks by themselves, not artificially bolstered by central banks, have a tendency to collapse before they can inflate very far: either from each expanding bank's losing cash (gold or paper) to other banks, or from runs on the banks. The Central Bank can make sure that all banks expand together, can furnish needed reserves to banks throughout the country and lend to banks in trouble, and can thereby bring about a much greater, and centrally coordinated, expansion of the money supply.

*Economic Controversies*, p. 716

Abolition of the Federal Reserve would mean that its gold supply now kept in Treasury depositories would have to be disgorged and returned to private hands. But this gives us the clue to the proper definition of a gold dollar. For in order to liquidate the Federal Reserve and remove the gold from its vaults, and at the same time tie gold to the dollar, the Federal Reserve's gold must be revalued and redefined so as to be able to exchange it, one for one, for dollar claims on gold.

*Economic Controversies*, pp. 771–72

Banks can only expand comfortably in unison when a Central Bank exists, essentially a governmental bank, enjoying a monopoly of government business, and a privileged position imposed by government over the entire banking system. It is only when central banking got established that the banks were able to expand for any length of time and the familiar business cycle got underway in the modern world.

*Economic Depressions: Their Cause and Cure*, p. 27

Central banking works like a cozy compulsory bank cartel ...

*Economic Depressions: Their Cause and Cure*, p. 28

... the Fed is an organized cartel of banksters, who are creating inflation, ripping off the public, destroying the savings of the average American.

*Irrepressible Rothbard*, p. 41

The key lever in the creation of new money and the expansion of the money supply, then, is the total of bank reserves. These are under the complete control of the Federal Reserve Board. ...

And so the major culprit of the inflation has been the Federal Reserve Board, which has been merrily buying government securities on the open market and thereby leveraging the money supply ever upward.

*Libertarian Forum v. 1*, p. 230

The Federal Reserve is not some sort of mystical entity separate and apart from the government of the United States; on the contrary, it is a vital part of that government. It has never been “apart” from politics, but necessarily hip deep in political decisions. ... The very idea of insulating “government” from “politics” only makes sense as a means of insulating dictatorial rule from any kind of popular check or influence.

*Libertarian Forum v. 2, p. 806*

The dollar must be denationalized, taken out of the hands of the Fed and the Treasury. The only way to do that is to redefine the dollar as a weight of gold (i.e., “return to the gold standard”), and then redeem the hoard of gold that the federal government stole from us in 1933 and has never returned. The Fed should then be abolished, with banks set free, but held to the strictest market standards of outlawry of fraud, and forced to close their doors at the slightest refusal to redeem their deposits on demand (or whenever they fall due).

Pending the gold standard and abolition of the Fed, the very least to be done would be passing a law freezing the Fed permanently. That is, prohibiting the Fed from buying any assets ever again (or making any further loans, or lowering reserve requirements). If the Fed cannot politically be abolished outright, then it should be frozen into innocuous desuetude.

*Libertarian Forum v. 2, p. 1076*

... the government and its central bank act precisely as would a Grand Counterfeiter, with very similar social and economic effects.

*Making Economic Sense, p. 276*

... the Federal Reserve and other central banking systems act as giant government creators and enforcers of a banking cartel; the Fed bails out the banks in trouble, and it centralizes and coordinates the banking system ...

*Making Economic Sense, p. 283*

The Federal Reserve, being in default, should be liquidated ...

*Making Economic Sense, p. 287*

... we must abolish central banking ...

*Making Economic Sense*, p. 294

Whatever the Fed does, it unerringly makes matters worse. First it pumps in a great deal of new money because, in the depth of recession, prices go up very little in response. Emboldened by this “economic miracle,” it pumps more and more new money into the system. Then, when prices finally start accelerating, it tries to prolong the inevitable and thereby only succeeds in delaying market adjustments.

*Making Economic Sense*, p. 335

The central bank, while often nominally owned by private individuals or banks, is run directly by the national government. Its purpose, not always stated explicitly, is to remove the competitive check on bank credit provided by a multiplicity of independent banks. Its aim is to make sure that all the banks in the country are coordinated and will therefore expand or contract together — at the will of the government.

*Man, Economy, and State with Power and Market*, p. 1015

The crucial way by which governments have established central bank control over the commercial banking system is by granting the bank a monopoly of the note issue in the country. ... Such nationalizing of the note-issue business forces the commercial banks to go to the central bank whenever their customers desire to exchange demand deposits for paper notes. To obtain notes to furnish their clients, commercial banks must buy them from the central bank. Such purchases can be made only by selling their gold coin or other standard money or by drawing on the banks' deposit accounts with the central bank.

Since the public always wishes to hold some of its money in the form of notes and some in demand deposits, the banks must establish a continuing relationship with the central bank to be assured a supply of notes. Their most convenient procedure is to establish demand deposit accounts with the central bank, which thereby

becomes the “bankers’ bank.” These demand deposits (added to the gold in their vaults) become the reserves of the banks.

*Man, Economy, and State with Power and Market*, p. 1015

When the government “goes off” the gold standard, central bank notes then become legal tender and virtually the standard money. It then cannot possibly fail, and this, of course, practically eliminates limitations on its credit expansion.

*Man, Economy, and State with Power and Market*, p. 1017

... the essential purpose of central banking is to use government privilege to remove the limitations placed by free banking on monetary and bank credit inflation.

*Mystery of Banking*, p. 125

The Central Bank is a bankers’ bank. Just as the public keeps checking accounts with commercial banks, so all or at least most of them keep checking accounts with the Central Bank.

*Mystery of Banking*, p. 126

... under central banking, all banks can expand together, on top of new reserves that are pumped in, across the board, by the benevolent Central Bank. ...

... The Central Bank eliminates hard and noninflated money, and substitutes a coordinated bank credit inflation throughout the nation. That is precisely its purpose. In short, the Central Bank functions as a government cartelizing device to coordinate the banks so that they can evade the restrictions of free markets and free banking and inflate uniformly together. The banks do not chafe under central banking control; instead, they lobby for and welcome it. It is their passport to inflation and easy money.

*Mystery of Banking*, pp. 133–34

... Central Banks try to serve as an ultimate “safety net” for banks ...

*Mystery of Banking*, p. 149

... the Central Bank should be frozen, and prevented from making further loans or especially open market purchases. Period.

*Mystery of Banking*, p. 158

... the Fed was largely fashioned by the banks as a cartelization device.

*Progressive Era*, p. 464

Some critics of the Federal Reserve assert that it is really and simply a private central bank, since it is owned wholly by its member banks and it makes profits from its policies. But this view ignores the fact that all profits made by the Banks are now taxed away by the treasury. The point of the cartel is not to make profits directly as shareholders of each Reserve Bank, but to benefit from the cartelizing and inflationary policies of the entire system.

At the same time, those who maintain that the Federal Reserve System is a wholly government-controlled institution overstate the case.

*Progressive Era*, pp. 478–79

The Federal Reserve System, like all central banking systems, is inherently inflationary.

*Progressive Era*, p. 479

... the Federal Reserve was designed not to curb the allegedly inflationary tendencies of freely competing banks but to do precisely the opposite: to enable the banks to inflate uniformly without worrying about calls for redemption by noninflating competitors. In short, the Federal Reserve was designed to act as a government-sponsored and enforced cartel promoting the income of banks by preventing free competition from doing its constructive work on behalf of the consumer.

*Progressive Era*, p. 511

A Central Bank attains its commanding position from its governmentally granted monopoly of the note issue. This is often the unsung key to its power.

*What Has Government Done to Our Money?*, p. 68

In a free-banking system, inflation by any one bank would soon lead to demands for redemption by the other banks, since the clientele of any one bank is severely limited. But the Central Bank, by pumping reserves into all the banks, can make sure that they can all expand together, and at a uniform rate. If all banks are expanding, then there is no redemption problem of one bank upon another, and each bank finds that its clientele is really the whole country. In short, the limits on bank expansion are immeasurably widened, from the clientele of each bank to that of the whole banking system. Of course, this means that no bank can expand further than the Central Bank desires. Thus, the government has finally achieved the power to control and direct the inflation of the banking system.

*What Has Government Done to Our Money?*, pp. 72–73

... the act of establishing a Central Bank greatly multiplies the inflationary potential of the country.

*What Has Government Done to Our Money?*, p. 73

## CHANGE

We live necessarily in a society of continual and unending change, change that can never be precisely charted in advance. ...

Changes, then, take place continually in all spheres of the economy. Consumer tastes shift; time preferences and consequent proportions of investment and consumption change; the labor force changes in quantity, quality, and location; natural resources are discovered and others are used up; technological changes alter production possibilities; vagaries of climate alter crops, etc. All these changes are typical features of any economic system. In fact, we could not truly conceive of a changeless society, in which everyone did exactly the same things day after day, and no economic data ever changed. And even if we could conceive of such a society, it is doubtful whether many people would wish to bring it about.

*America's Great Depression*, pp. 4–5

The actual world is one not of changeless “givens” but of incessant change and systemic uncertainty. Because of this uncertainty, the

capitalist entrepreneur, who stakes assets and resources in attempting to achieve profits and avoid losses, becomes the crucial actor in the economic system, an actor who can in no way be portrayed by a world of general equilibrium.

*Economic Controversies*, p. 833

All human choices are continually changing as a result of changing valuations and changing ideas ...

*Man, Economy, and State with Power and Market*, p. 7

The individual must determine subjectively for himself whether he is better or worse off as a result of any change. His preference can only be expressed in terms of simple choice, or rank.

*Man, Economy, and State with Power and Market*, p. 19

... the real world of action is one of continual change. Individual value scales, technological ideas, and the quantities of means available are always changing. These changes continually impel the economy in various directions.

*Man, Economy, and State with Power and Market*, p. 321

... since the data of human action are always changing, there are no precise, quantitative relationships in human history.

*Man, Economy, and State with Power and Market*, p. 324

## CHARITY

The true humanitarian rejoices when the people he helps feel ready to assert their independence and to strike out on their own; for isn't this independence essential to being truly human?

*Left and Right*, pp. 307–08

The sincerity of the State's desire to promote charity toward the poor may be gauged by two perennial drives of government: to suppress "charity rackets" and to drive individual beggars off the streets because the "government makes plenty of provision for



them.” The effect of both measures is to cripple voluntary individual gifts of charity and to force the public to route its giving into the channels approved by, and tied in with, government officialdom.

*Man, Economy, and State with Power and Market*, pp. 943–44

A tax on gifts and bequests has the further effect of penalizing charity and the preservation of family ties. It is ironic that some of those most ardent in advocating taxation of gifts and bequests are the first to assert that there would never be “enough” charity were the free market left to its own devices.

*Man, Economy, and State with Power and Market*, p. 1185

Government is the very negation of charity, for charity is uniquely an unbought gift, a freely flowing uncoerced act by the giver.

*Man, Economy, and State with Power and Market*, p. 1228

The reason that anyone contributes voluntarily to a charity is precisely the benefit that he obtains from it. Yet benefit can be considered only in a subjective sense. It can never be measured. The fact of subjective gain, or benefit, from an act is deducible from the fact that it was performed. Each person making an exchange is deduced to have benefited (at least *ex ante*). Similarly, a person who makes a unilateral gift is deduced to have benefited (*ex ante*) from making the gift. If he did not benefit, he would not have made the gift.

*Man, Economy, and State with Power and Market*, p. 1229

... it is hardly “charity” to take wealth by force and hand it over to someone else. Indeed, this is the direct opposite of charity, which can only be an unbought, voluntary act of grace. Compulsory confiscation can only deaden charitable desires completely, as the wealthier grumble that there is no point in giving to charity when the State has already taken on the task.

*Man, Economy, and State with Power and Market*, p. 1319

Whereas the opportunity for voluntary charity acts as a spur to production by the able, coerced charity acts as a drain and a burden upon production. In fact, in the long run, the greatest “charity” is precisely not what we know by that name, but rather simple, “selfish” capital investment and the search for technological innovations.

*Man, Economy, and State with Power and Market*, p. 1320

Statists, in fact, are really opposed to charity. They often argue that charity is demeaning and degrading to the recipient, and that he should therefore be taught that the money is rightly his, to be given to him by the government as his due ... granting him the moral and legal right to mulct his fellows increases his moral degradation instead of ending it, for the beneficiary is now further removed from the production line than ever. An act of charity, when given voluntarily, is generally considered temporary and offered with the object of helping a man to help himself. But when the dole is ladled out by the State, it becomes permanent and perpetually degrading, keeping the recipients in a state of subservience.

*Man, Economy, and State with Power and Market*, pp. 1320–21

I consider it a tribute to the moral qualities of an individualist society that private charity and philanthropy helps the unfortunate people in our midst. Private philanthropy is the direct expression of the great Christian principle of the brotherhood of man and the Golden Rule.

Private philanthropy indeed is the only valid expression of these Christian ethical principles; compulsory charity through “social legislation” is the exact contrary: it is the evil imposition of force by one group on another.

*Rothbard vs. the Philosophers*, p. 55

## CHILDREN

Every human infant comes into the world devoid of the faculties characteristic of fully-developed human beings. This does not mean simply the ability to see clearly, to move around, to feed oneself, etc.;

above all, it means he is devoid of reasoning power — the power that distinguishes man from animals. But the crucial distinction between the baby and other animals is that these powers, in particular the ability to reason, are potentially within him. The process of growing up is the process of the development of the child's faculties. From a state of helplessness and incompetence such as few newly born animals are burdened with, the infant grows up to the glory of the full stature of an adult.

*Education: Free and Compulsory*, p. 1

... the growing child, working with his environment, develops ends and discovers means to achieve them. His ends are based on his own personality, the moral principles he has concluded are best, and his aesthetic tastes; his knowledge of means is based on what he has learned is most appropriate. This body of "theory" in which he believes, he has acquired with his reasoning powers, either from the direct experience of himself or others, or from logical deduction by himself or by others. When he finally reaches adulthood, he has developed his faculties to whatever extent he can, and has acquired a set of values, principles, and scientific knowledge.

*Education: Free and Compulsory*, p. 2

The only logical alternative to parental "ownership" of the child is for the State to seize the infant from the parents and to rear it completely itself. To any believer in freedom this must seem a monstrous step indeed.

*Education: Free and Compulsory*, p. 10

It is only commonsense biological and social insight to realize that youths win their way into society through a process of apprenticeship; youths know less and have less experience than mature adults, and so it should be clear why they tend to have less status and authority than their elders. But to accept this would be to cast the egalitarian creed into some substantial doubt ...

*Egalitarianism as a Revolt Against Nature*, p. 11

... the overriding fact of parent-child relations is that the child lives on the property of his parents. The child lives either in a house owned by his parents or in an apartment rented by them. Therefore, as in the case of any other “guest” living on someone else’s property, he must obey the rules set down by the property owners for remaining on that property. In short, the parents have the perfect legal and moral right to lay down rules for their children. ... Furthermore, there is nothing morally wrong with laying down such rules. On the contrary, any property owner is bound to lay down rules for the use of his property.

... it is perfectly proper, legally and morally, for the parents to prohibit noise, offensive behavior, etc., as part of the rules for persons living on their property. When the child becomes older, it is equally legitimate for the parents to insist on curfews, to prohibit noise, wild parties, sexual hijinks, etc., on the property as well.

*Egalitarianism as a Revolt Against Nature*, pp. 146–47

... the child must always have, regardless of age, the absolute freedom to run away, to get out from under. It is grotesque to think that the parents can actually own the child’s body as well as physical property; it is advocating slavery and denying the fundamental right of self-ownership to permit such ownership of others, regardless of age. Therefore, the child must always be free to run away; he then becomes a self-owner whenever he chooses to exercise his right to run-away freedom.

*Egalitarianism as a Revolt Against Nature*, p. 147

... most children will, upon growing up, seek to create their own environment by leaving the parental nest. That is the way of nature, from the animal kingdom to man.

*Egalitarianism as a Revolt Against Nature*, p. 148

During the early years of babyhood, when the child is helpless and has few if any powers of self-ownership, he indeed becomes a kind of property of his creators, his parents. ... the act of creation gives the parent, and not outside adults, jurisdiction over the baby. And yet, this ownership cannot be absolute, cannot involve the right of the parent to mutilate, maim, or murder the child, for this would

be criminal aggression against the body of the child, who, being an independent human entity, cannot come under the absolute jurisdiction of anyone. The role of the parent, then, is to be, not an absolute owner, but a trustee-owner or guardian, with the right to regulate the child but not to aggress against his person (as by forcibly preventing him from running away).

*Egalitarianism as a Revolt Against Nature*, p. 149

Parents, then, have not only the moral right but the moral obligation and responsibility to raise their young children in preparation for adulthood, to care for, shelter, educate, and train their persons and their character.

*Egalitarianism as a Revolt Against Nature*, p. 152

Parents, then, have the legal right and the moral obligation to nurture their children as guardians, as trustee-“owners”; no law or enforcing agency has the right to seize these children from their creators or regulate them except as they are being aggressed against by their parents. Above all, every child must always have the right to run away to freedom, to get out from under parental property — otherwise enslavement is indeed involved.

*Egalitarianism as a Revolt Against Nature*, p. 154

What is needed, above all, is the liberation of both child and parent from the domination of the State apparatus.

*Egalitarianism as a Revolt Against Nature*, p. 155

... a newborn babe is in no natural sense an existing self-owner, but rather a potential self-owner.

*Ethics of Liberty*, p. 97

The proper groundwork for analysis of abortion is in every man’s absolute right of self-ownership. This implies immediately that every woman has the absolute right to her own body, that she has absolute dominion over her body and everything within it. This includes the fetus.

*Ethics of Liberty*, p. 98

... the parents — or rather the mother, who is the only certain and visible parent — as the creators of the baby become its owners. A newborn baby cannot be an existent self-owner in any sense. Therefore, either the mother or some other party or parties may be the baby's owner, but to assert that a third party can claim his "ownership" over the baby would give that person the right to seize the baby by force from its natural or "homesteading" owner, its mother. The mother, then, is the natural and rightful owner of the baby, and any attempt to seize the baby by force is an invasion of her property right.

*Ethics of Liberty*, p. 99

... the parental property right must be limited in time. ...

... even from birth, the parental ownership is not absolute but of a "trustee" or guardianship kind. In short, every baby as soon as it is born and is therefore no longer contained within his mother's body possesses the right of self-ownership by virtue of being a separate entity and a potential adult. It must therefore be illegal and a violation of the child's rights for a parent to aggress against his person by mutilating, torturing, murdering him, etc.

*Ethics of Liberty*, p. 100

A parent does not have the right to aggress against his children, but also that the parent should not have a legal obligation to feed, clothe, or educate his children, since such obligations would entail positive acts coerced upon the parent and depriving the parent of his rights. The parent therefore may not murder or mutilate his child, and the law properly outlaws a parent from doing so. But the parent should have the legal right not to feed the child, i.e., to allow it to die. The law, therefore, may not properly compel the parent to feed a child or to keep it alive. (Again, whether or not a parent has a moral rather than a legally enforceable obligation to keep his child alive is a completely separate question.)

*Ethics of Liberty*, pp. 100–01

... the child has his full rights of self-ownership when he demonstrates that he has them in nature — in short, when he leaves or "runs away" from home. Regardless of his age, we must grant to

every child the absolute right to run away. ... Parents may try to persuade the runaway child to return, but it is totally impermissible enslavement and an aggression upon his right of self-ownership for them to use force to compel him to return. The absolute right to run away is the child's ultimate expression of his right of self-ownership, regardless of age.

*Ethics of Liberty*, p. 103

... the purely free society will have a flourishing free market in children. Superficially, this sounds monstrous and inhuman. But closer thought will reveal the superior humanism of such a market. For we must realize that there is a market for children now, but that since the government prohibits sale of children at a price, the parents may now only give their children away to a licensed adoption agency free of charge. This means that we now indeed have a child-market, but that the government enforces a maximum price control of zero, and restricts the market to a few privileged and therefore monopolistic agencies. The result has been a typical market where the price of the commodity is held by government far below the free-market price: an enormous "shortage" of the good. The demand for babies and children is usually far greater than the supply, and hence we see daily tragedies of adults denied the joys of adopting children by prying and tyrannical adoption agencies. In fact, we find a large unsatisfied demand by adults and couples for children, along with a large number of surplus and unwanted babies neglected or maltreated by their parents. Allowing a free market in children would eliminate this imbalance, and would allow for an allocation of babies and children away from parents who dislike or do not care for their children, and toward foster parents who deeply desire such children. Everyone involved: the natural parents, the children, and the foster parents purchasing the children, would be better off in this sort of society.

*Ethics of Liberty*, pp. 103–04

The rights of children, even more than those of parents, have been systematically invaded by the state. Compulsory school attendance laws, endemic in the United States since the turn of this century, force children either into public schools or into private schools

officially approved by the state. Supposedly “humanitarian” child labor laws have systematically forcibly prevented children from entering the labor force, thereby privileging their adult competitors.

*Ethics of Liberty*, p. 107

... either parents run kids, or the state runs them ...

*Irrepressible Rothbard*, p. 291

... it should be up to the parents to explain the facts of life to kids.

*Irrepressible Rothbard*, p. 365

... every family has not only the right but the moral duty to instruct its children in the proper bourgeois virtues and the “Protestant ethic.”

*Libertarian Forum v. 1*, p. 448

If potential kidnappers are put on clear warning from the very start that no demands they make will be satisfied by one iota, then kidnappings will cease before they begin, and the lives of their victims and family will not be shattered. In the long-run, this is the least “hardhearted” position to take, in addition to clearly being the only one consonant with justice. Evil and crime must never be rewarded.

*Libertarian Forum v. 1*, p. 458

Parents do not own their children ... the idea of divine right of parents must be combatted ...

*Libertarian Forum v. 2*, p. 746

## CHOICE

... each human being knows universally from introspection that he chooses.

*Economic Controversies*, p. 4



Action is the result of choice among alternatives, and choice reflects values, that is, individual preferences among these alternatives.

*Economic Controversies*, p. 289

In economics, however, we are only interested in values revealed through choices. ... The fact of ranking is what matters for economics ...

*Economic Controversies*, p. 305

... human beings have, and ought to enjoy, absolute freedom of individual choice. We all have the capacity to do and be many things that we may not choose to undertake.

*Libertarian Forum v. 2*, p. 847

Action takes place by choosing which ends shall be satisfied by the employment of means. Time is scarce for man only because whichever ends he chooses to satisfy, there are others that must remain unsatisfied. When we must use a means so that some ends remain unsatisfied, the necessity for a choice among ends arises.

*Man, Economy, and State with Power and Market*, p. 5

All action involves the employment of scarce means to attain the most valued ends. Man has the choice of using the scarce means for various alternative ends, and the ends that he chooses are the ones he values most highly.

*Man, Economy, and State with Power and Market*, p. 17

The choice of which ends to include in the actor's value scale and the assignment of rank to the various ends constitute the process of value judgment. Each time the actor ranks and chooses between various ends, he is making a judgment of their value to him.

*Man, Economy, and State with Power and Market*, p. 18

... value scales do not exist in a void apart from the concrete choices of action.

*Man, Economy, and State with Power and Market*, p. 33

Every aspect of action has involved a choice among alternatives — a giving up of some goods for the sake of acquiring others.

*Man, Economy, and State with Power and Market*, p. 71

The ranking on his value scale depends entirely on the voluntary choice of each individual.

*Man, Economy, and State with Power and Market*, p. 214

... the establishment of money tremendously broadens the range of choice open to everybody.

*Man, Economy, and State with Power and Market*, p. 279

In the real world of scarce resources in relation to possible ends, all production involves choice and the allocation of factors to serve the most highly valued ends.

*Man, Economy, and State with Power and Market*, p. 638

In praxeology we are interested only in preferences that result in, and are therefore demonstrated by, real choices, not in the preferences themselves.

*Man, Economy, and State with Power and Market*, p. 701

## CLASSES

... antagonistic classes, the rulers and the ruled, can only be created by accession to State privilege; it is the use of the State instrument that brings these antagonistic classes into being. ... businessmen and workers are in harmony — as are everyone else — in the free market and free society, and it is only through State intervention that antagonistic classes are created.

*Betrayal of the American Right*, p. 20

... all classes have a joint interest in the operations of the free market.

*Classical Economics*, p. 6

The ruling class is whichever group has managed to seize state power; the ruled are those groups who are taxed and regulated by those in command. Class interest, then, is defined as a group's relation to the state. State rule, with its taxation and exercise of power, controls, and conferring of subsidies and privileges, is the instrument that creates conflicts between the rulers and the ruled. What we have, then, is a "two-class" theory of class conflict, based on whether a group rules or is ruled by the state. On the free market, on the other hand, there is no class conflict, but a harmony of interest between all individuals in society cooperating in and through production and exchange.

*Classical Economics*, pp. 75–76

A "class" is a set of entities with one identifiable thing in common. ... A "social class" is a class of human beings with one thing in common. The number of identifiable social classes is virtually infinite. ... In the market economy, in the international division of labor and exchange of products, there is no inherent conflict between short and tall people, people of various weights and names, etc. All classes live in harmony through the voluntary exchange of goods and services that mutually benefits them all. Furthermore, there is no reason for an individual in a free society, or in a market economy, to act on behalf of "the interests of his class" rather than, or even as a surrogate for, his own individual interest.

*Classical Economics*, p. 380

Only the state can create a privileged class (or a subordinate and burdened class) by acts of intervention into the economy or society. There can be no "capitalist ruling class" on the free market.

*Classical Economics*, p. 382

In fact, because of (a) the harmony of interests of different groups on the free market (for example, merchants and farmers) and (b) the lack of homogeneity among the interests of members of any one social class, it is fallacious to employ such terms as "class interests" or "class conflict" in discussing the market economy. It is only in relation to state action that the interests of different men become

welded into “classes,” for state action must always privilege one or more groups and discriminate against others.

*Conceived in Liberty v. 1*, p. 261; p. 251

... in practice, any attempt at communist society will automatically become class rule ...

*Economic Controversies*, p. 354

... the very existence of taxation creates at least two conflicting classes: the ruling and the ruled, and the ruling class are the net tax-consumers and the ruled the net taxpayers. ... The greater the extent of government operation, therefore, the greater the class conflict in the society.

*Economic Controversies*, p. 493

... taxation creates two conflicting classes, the taxpayers and the tax-gatherers.

*Economic Controversies*, p. 530

The State provides a legal, orderly, systematic channel for the predation of private property; it renders certain, secure, and relatively “peaceful” the lifeline of the parasitic caste in society.

*Egalitarianism as a Revolt Against Nature*, pp. 59–60

The State — the organization of the political means — constitutes, and is the source of, the “ruling class” (rather, ruling caste).

*Egalitarianism as a Revolt Against Nature*, p. 79

... given any level of taxation, the least that will happen will be the creation of two antagonistic social classes: the “ruling” classes who gain by and live off taxation, and the “ruled” classes who pay the taxes. In short, conflicting classes of net tax-payers and net tax-consumers.

*Ethics of Liberty*, pp. 176–77

... it is the State that is robbing all classes, rich and poor, black and white, worker and businessman alike; it is the State that is ripping us all off; it is the State that is the common enemy of mankind.

*Libertarian Forum v. 2, p. 787*

... the free market is the reverse of the caste system ...

*Man, Economy, and State with Power and Market, p. 641*

On the market all is harmony. But as soon as intervention appears on the scene, conflict is created, for each person or group may participate in a scramble to be a net gainer rather than a net loser — to be part of the intervening team, as it were, rather than one of the victims. And the very institution of taxation ensures that some will be in the net gaining, and others in the net losing, class.

*Man, Economy, and State with Power and Market, p. 881*

Classes are any collection of units with a certain property in common. There is no reason for them to conflict. ... On the other hand, castes are State-made groups, each with its own set of violence-established privileges and tasks. Castes necessarily conflict because some are instituted to rule over the others.

*Man, Economy, and State with Power and Market, pp. 1062–63n5*

... there are two groups of individuals in society: the taxpayers and the tax consumers — those who are burdened by taxes and those who benefit.

*Man, Economy, and State with Power and Market, p. 1151*

... all caste restrictions, all restrictions on the market, simply cripple and hinder production, and thus keep everyone at or near subsistence level.

*Rothbard vs. the Philosophers, p. 126*

There are no homogeneous classes on the market, only individual interests. Indeed, the alleged “classes” on the market are usually the ones in strongest competition with each other. There is no basic conflict of interest between the propertied and the nonpropertied;

in the first place, they are not rigid “classes” on the free market; secondly, it is one of the great truths of economics that the non-propertyed as well as, if not even more than, the propertyed benefit from the free market economy based on the defense of the rights of private property. On the free market, therefore, there are no clashing class interests.

*Strictly Confidential*, p. 72

... individuals are the primary reality, not the constructed “classes”  
...

*Strictly Confidential*, p. 78

## CLASSICAL LIBERALISM

Classical liberalism, whether natural rights or utilitarian, whether English, French or German, was devoted to a foreign policy of peace. Its firm opposition to war and imperialism was the libertarian, minimal-government corollary in foreign affairs to its minimal-government stance at home. Opposition to big government, high taxes and interventionism abroad was the corollary of the same opposition at home.

*Classical Economics*, pp. 286–87

Liberalism had indeed brought to the Western world not only liberty, the prospect of peace, and the rising living standards of an industrial society, but above all, perhaps, it brought hope, a hope in ever-greater progress that lifted the mass of mankind out of its age-old sinkhole of stagnation and despair.

*Egalitarianism as a Revolt Against Nature*, pp. 23–24

The liberal revolution implanted indelibly in the minds of the masses — not only in the West but in the still feudally-dominated undeveloped world — the burning desire for liberty ...

*Egalitarianism as a Revolt Against Nature*, p. 47

The libertarian creed emerged from the “classical liberal” movements of the seventeenth and eighteenth centuries in the Western world, specifically, from the English Revolution of the seventeenth century. This radical libertarian movement, even though only partially successful in its birthplace, Great Britain, was still able to usher in the Industrial Revolution, thereby freeing industry and production from the strangling restrictions of State control and urban government-supported guilds. For the classical liberal movement was, throughout the Western world, a mighty libertarian “revolution” against what we might call the Old Order — the *ancien régime* which had dominated its subjects for centuries.

*For a New Liberty*, p. 2

The object of the classical liberals was to bring about individual liberty in all of its interrelated aspects.

*For a New Liberty*, p. 3

... classical liberalism constituted a profound threat to the political and economic interests ...

*For a New Liberty*, p. 10

... libertarians are squarely in the great classical liberal tradition that built the United States and bestowed on us the American heritage of individual liberty, a peaceful foreign policy, minimal government, and a free-market economy.

*For a New Liberty*, p. 402

Liberalism had indeed brought to the western world not only liberty, the prospect of peace, and the rising living standards of an industrial society, but above all perhaps, it brought hope, a hope in ever-greater progress that lifted the mass of mankind out of its age-old sink of stagnation and despair.

... genuine Liberalism was essentially radical and revolutionary ...

*Left and Right*, p. 9

... the history of man, with one or two luminous exceptions, was a dark and gory record of tyranny and despotism, a record of various absolute States and monarchs crushing and exploiting their underlying populations, largely peasants, who lived a brief and brutish life at bare subsistence, devoid of hope or promise. It was a classical liberalism and radicalism that brought to the mass of people that hope and that promise, and which launched the great process of fulfillment. All that man has achieved today, in progress, in hope, in living standards, we can attribute to that revolutionary movement, to that “revolution.” This great revolution was our father; it is now our task to complete its unfinished promise.

*Libertarian Forum v. 1, p. 29*

... [libertarians] are, in the first place, the heirs of these “classical liberals” ... we are the natural allies of the *laissez-faire* liberals.

*Libertarian Forum v. 1, p. 471*

... classical liberals have of course always believed in taxation.

*Libertarian Forum v. 1, p. 475*

We are the “extreme” (read consistent) heirs, not of the Conservatives, but of their ancient enemies, the Classical Liberals. Classical Liberalism, with its devotion to individual liberty and a peaceful foreign policy, found itself from the beginning at the polar opposite from Conservatism, and this polarity continues today. Then as now, Conservatism has stood for Big Government and statism across the board; for militarism and repression of civil liberties at home, and for interventionism, imperialism and a warlike foreign policy abroad; for a reverence for the State and its Leader (whether King or President or some other Führer); and for a theocratically imposed “morality” in which the State imposes a religiously conceived behavior on its subjects. Libertarianism, as the heir of classical liberalism, stands, on the contrary, for individual liberty and the absence of government intervention at home or abroad. Our reverence is for the peaceful individual and our hostility goes out to the State apparatus. We hold religion and morality to be strictly the private concerns of each individual.

*Libertarian Forum v. 2, p. 656*



The word “liberal” was stolen from us by the social democrats a long time ago.

*Making Economic Sense*, p. 497

## COERCION

... every man’s proper burden of risk is to refrain from coercion unless an overt act against his person or property has been initiated against him ...

*Economic Controversies*, p. 383

... “coercion” is the use of violence or threat of violence to compel actions of others.

*Economic Controversies*, p. 458

... a crucial feature of the State is that it always coercively monopolizes the exercise of coercion over a given territorial area.

*Libertarian Forum* v. 2, p. 1179

... coercion benefits one party only at the expense of others. Coerced exchange is a system of exploitation of man by man, in contrast to the free market, which is a system of cooperative exchanges in the exploitation of nature alone. ... coercion leads only to further problems: it is inefficient and chaotic, it cripples production, and it leads to cumulative and unforeseen difficulties. Seemingly orderly, coercion is not only exploitative; it is also profoundly disorderly.

... coercion and government intervention lead inexorably to hegemony, conflict, exploitation of man by man, inefficiency, poverty, and chaos.

*Man, Economy, and State with Power and Market*, p. 1025

... there is no coercion at all in the free market.

*Man, Economy, and State with Power and Market*, p. 1347

... there are basically two types of interpersonal relations or exchanges: the free or voluntary, and the coerced or hegemonic.

There is no other type of social relation. Every time a free, peaceful unit-act of exchange occurs, the market principle has been put into operation; every time a man coerces an exchange by the threat of violence, the hegemonic principle has been put to work. All the shadings of society are mixtures of these two primary elements. The more the market principle prevails in a society, therefore, the greater will be that society's freedom and its prosperity.

*Man, Economy, and State with Power and Market*, p. 1366

... coercion [is] physical violence or threat thereof ...

*Rothbard vs. the Philosophers*, p. 62

There are only two relevant ideal types of social patterns: the pattern of voluntary contractual interrelation, and that of hegemonic, coercive interaction. A can interact with B, in other words, in either of two ways: by free gift or exchange — voluntarily — or by coercion. And these are all the relevant alternatives. Now, if a society is voluntarist and contractual, this freedom will develop the personality of each and permit that great growth of living standards that makes modern civilization possible, that raises us up from the caveman. If the society is markedly coercive, not only will it stunt each individual's development, it will plunge humankind back to primitive living standards and not permit any maintenance of civilization.

*Strictly Confidential*, p. 46

## COMPETITION

... capitalist firms are in continual competition and rivalry with each other. They compete for raw material, for labor, for sales and customers. They compete in price and quality, and in seeking new products and new ways to get ahead of their competitors.

*Classical Economics*, p. 382

One of the great glories of the market is that, even when greatly hobbled, competition and new wealth can break through.

*Libertarian Forum v. 1*, p. 506

The free market in the world of production may be termed “free competition” or “free entry,” meaning that in a free society anyone is free to compete and produce in any field he chooses. “Free competition” is the application of liberty to the sphere of production: the freedom to buy, sell, and transform one’s property without violent interference by an external power.

We have seen above that in a regime of free competition consumers’ satisfaction will, at any time, tend to be at the maximum possible, given natural conditions. The best forecasters will tend to emerge as the dominant entrepreneurs, and if anyone sees an opportunity passed up, he is free to take advantage of his superior foresight. The regime that tends to maximize consumers’ satisfaction, therefore, is not “pure competition” or “perfect competition” or “competition without cartel action,” or anything other than one of simple economic liberty.

*Man, Economy, and State with Power and Market*, pp. 654–55

Under “competition,” if one firm is seen to be making great profits in a particular productive process, other firms rush in to take advantage of the anticipated opportunities, and the profits disappear.

*Man, Economy, and State with Power and Market*, p. 677

From the point of view of consumers’ sovereignty or individual sovereignty, there is nothing at all wrong with “cutthroat competition.”

*Man, Economy, and State with Power and Market*, p. 682

... there can be no such thing as “pure competition,” that hypothetical state in which the demand curve for the output of a firm is infinitely elastic.

*Man, Economy, and State with Power and Market*, p. 695

There is only free competition ...

*Man, Economy, and State with Power and Market*, p. 718

The pure-competition theory, however, is an utterly fallacious one.

*Man, Economy, and State with Power and Market*, p. 721

“Competition” ... is a process, whereby individuals and firms supply goods on the market without using force. To preserve “competition” does not mean to dictate arbitrarily that a certain number of firms of a certain size have to exist in an industry or area; it means to see to it that men are free to compete (or not) unrestrained by the use of force.

*Man, Economy, and State with Power and Market*, p. 1118

Where the competitive spur is weak, or especially non-existent (as in government), development will be slowed down.

*Science, Technology, and Government*, p. 67

## CONSCIOUSNESS

... the very act of doubting consciousness must itself be performed by a consciousness.

*Economic Controversies*, p. 10

The fundamental axiom, then, for the study of man is the existence of individual consciousness. ... Not being omniscient, a man must learn; he must ever adopt ideas and act upon them, choosing ends and the means to attain these ends. Upon this simple fundamental axiom a vast deductive edifice can be constructed ... the entire structure of economic thought can be deduced from this axiom.

*Economic Controversies*, p. 17

... the axiom of the existence of human consciousness is demonstrated as being self-evident by the fact that the very act of denying the existence of consciousness must itself be performed by a conscious being.

*Economic Controversies*, pp. 69–70

## CONFLICT

... I see the central conflict as not between classes, (social or economic), or between ideologies, but between Power and Liberty,

State and Society. ... It is only through and by state action that “class” conflict can arise.

*Conceived in Liberty v. 1*, p. 10; p. xvi

... there are no inherent economic conflicts in the free market ... Conflict is created only between those classes that rule the state and those that are exploited by the state.

*Conceived in Liberty v. 3*, p. 354; p. 1118

... the very nature of government creates two unequal and inherently conflicting classes in society: those who, on net, pay the taxes (the “tax-payers”), and those who, on net, live off taxes (the “tax-consumers”).

*For a New Liberty*, p. 64

Society is divided into a ruling elite, which is necessarily a minority of the population, which lives off the second group — the rest of the population ... the very fact of government and of taxation creates inherent conflict between two great classes: those who pay taxes, and those who live off them; the net taxpayers vs. the tax-consumers.

*Irrepressible Rothbard*, p. 8

... there are no inherent economic conflicts on the free market; without government intrusion, there is no reason for merchants, farmers, landlords, et al., to be at loggerheads. Conflict is only created between those classes which rule the State as against those which are exploited by the State.

*Libertarian Forum v. 1*, p. 522

... the thesis of an inherent conflict of interest is true whenever the State or anyone else wielding force intervenes on the market. For then the intervener gains at the expense of the subjects who lose in utility.

*Man, Economy, and State with Power and Market*, p. 881

... the more government intervenes and subsidizes, the more caste conflict will be created in society, for individuals and groups will benefit only at one another's expense.

*Man, Economy, and State with Power and Market*, p. 942

... government enterprise creates enormous caste conflicts among the citizens ...

*Man, Economy, and State with Power and Market*, p. 954

... there is a problem of the "public sector"; scarcities and conflicts keep appearing in government services, and in these fields alone ...

*Man, Economy, and State with Power and Market*, p. 986

Where certain groups are specially privileged or specially disabled through the coercive power of the state, they become castes, and these castes are definitely in conflict. While on the free market, one man's gain is another man's gain, wherever government intervenes and establishes favored and unfavored castes, one man's or one caste's gain is another caste's loss. Where government intervenes, there is inevitable "caste conflict."

*Strictly Confidential*, p. 72

... central and socialistic planning, far from bringing the world into a new age of harmony, would enormously exacerbate inter-state and intercountry conflicts of interest; it is precisely the free market that minimizes such conflicts, and government planning that increases them.

*Strictly Confidential*, p. 378

## CONSCRIPTION

A final word about conscription: of all the ways in which war aggrandizes the State, this is perhaps the most flagrant and most despotic. But the most striking fact about conscription is the absurdity of the arguments put forward on its behalf. A man must be conscripted to defend his (or someone else's?) liberty against an evil State beyond the borders. Defend his liberty? How? By being

coerced into an army whose very *raison d'être* is the expunging of liberty, the trampling on all the liberties of the person, the calculated and brutal dehumanization of the soldier and his transformation into an efficient engine of murder at the whim of his “commanding officer”? Can any conceivable foreign State do anything worse to him than what “his” army is now doing for his alleged benefit? Who is there, O Lord, to defend him against his “defenders”?

*Egalitarianism as a Revolt Against Nature*, p. 132

... no man, in an attempt to exercise his right of self-defense, may coerce anyone else into defending him. ... This immediately rules out conscription for defense, for conscription enslaves a man and forces him to fight on someone else's behalf.

*Ethics of Liberty*, p. 83

Libertarians, being opposed to the draft as compulsory slavery, have no difficulty in calling for total exoneration for deserting draftees.

*Ethics of Liberty*, p. 136

... there can be no more blatant case of involuntary servitude than our entire system of conscription. ... What else is involuntary servitude if not the draft?

*For a New Liberty*, p. 98

In addition to demanding the end of conscription, then, the libertarian also proposes to do away with the entire concept of a term of enlistment and the practice of slavery this implies. Let the armed forces operate in ways similar to police, firemen, rangers, private guards, etc. — free of the blight and the moral crime of involuntary servitude.

*For a New Liberty*, p. 101

... the draft — that obnoxious system of slavery and forced murder. There is nothing anyone even remotely calling himself a libertarian

can say about the draft except that it is slavery and that it must be combatted.

*Libertarian Forum v. 1, p. 42*

The draft itself is a supreme crime, and therefore draft evaders and deserters should be regarded not as criminals but as heroes, in precisely the same way as decent men regarded the slaves who ran away via the underground railroad.

*Libertarian Forum v. 1, p. 350*

... surely it is monstrous, from the point of view of liberty, to correct the horrors of the draft by extending those horrors to the female sex. No, we should rejoice that women are exempt, and strive to extend that exemption to men as well.

*Libertarian Forum v. 1, p. 614*

Libertarians have all favored amnesty for draft resisters ...

*Libertarian Forum v. 2, p. 636*

... all libertarians, at whatever part of our spectrum, are united in intense opposition to the draft.

*Libertarian Forum v. 2, p. 926*

... if there is a draft, should women be drafted as well as men? The answer must be no for every libertarian; just because half the youth population is enslaved, is no reason for us (though it may be for egalitarians) to call for enslaving the other half.

*Libertarian Forum v. 2, p. 954*

... conscription has the effect of forcibly withdrawing young men from the labor market and thereby giving their competitors a monopolistic, or rather a restrictionist, wage.

*Man, Economy, and State with Power and Market, p. 907*

Conscription, like child labor laws, removes a part of the labor force from competition in the labor market — in this case, the



removal of healthy, adult members. Coerced removal and compulsory labor in the armed forces at only nominal pay increases the wage rates of those remaining, especially in those fields most directly competitive with the jobs of the drafted men. Of course, the general productivity of the economy also decreases, offsetting the increases for at least some of the workers. But, as in other cases of monopoly grants, some of the privileged will probably gain from the governmental action. Directly, conscription is a method by which the government can commandeer labor at far less than market wage rates — the rate it would have to pay to induce the enlistment of a volunteer army.

*Man, Economy, and State with Power and Market*, p. 1113

## CONSERVATION

Which are more important, people or trees?

*Egalitarianism as a Revolt Against Nature*, p. 181

... growing technology not only uses up, but also adds to, usable natural resources.

*Egalitarianism as a Revolt Against Nature*, p. 181

The environmentalists and conservationists totally fail to realize that the free-market economy contains within itself an automatic principle for deciding the proper degree of conservation.

*Egalitarianism as a Revolt Against Nature*, p. 182

... the market economy contains a marvelous built-in mechanism whereby the resource owners' decision on present as against future production will benefit not only their own income and wealth, but also that of the mass of consumers and of the national and world economy.

... The problem is that the areas where overproduction does exist are precisely those where the built-in market mechanism has been prevented from operating by the force of government. Specifically, these are the areas where private property has not been allowed in the resource itself, but only in their daily or annual use.

*Egalitarianism as a Revolt Against Nature*, p. 183

Pollution and overuse of resources stem directly from the failure of government to defend private property. If property rights were to be defended adequately, we would find that here, as in other areas of our economy and society, private enterprise and modern technology would come not as a curse to mankind but as its salvation.

*Egalitarianism as a Revolt Against Nature*, p. 189

... technology and industrial production create resources which had never existed as effective resources.

*For a New Liberty*, p. 310

The free price system stimulates precisely as much or as little “conservation” of any resources as is necessary.

*Libertarian Forum v. 1*, p. 534

... every instance of “overuse” and destruction of a natural resource has been caused, not by private property rights in natural resources, but by government.

*Making Economic Sense*, p. 87

... conservation of resources is one of the major functions of the free price system. The market economy is continually being forced to choose: how much of product X or product Y, of resource X or Y, should be produced now, and how much should be “conserved” to be produced in the future? Not just of oil and gas, but of everything else: copper, iron, timber, etc.

In every area, this “conservation,” this decision on how to allocate production over time, takes place smoothly and harmoniously on the free market.

*Making Economic Sense*, p. 218

The entire worry about “fuel efficiency” is absurd and ill-conceived.

*Making Economic Sense*, p. 219

... there is no reason for the would-be preserver of a monument or of a park to complain about the way the market treats his treasured

objects. In the free society, these conservationists are at perfect liberty to purchase the sites and preserve them intact. They would, in effect, be deriving consumption services from such acts of preservation.

*Man, Economy, and State with Power and Market*, p. 575

Anyone who uses such a resource at all, whatever the extent, “deprives” some future descendant of the use. “Conservationists,” therefore, call for lower present use of such resources in favor of greater future use. ... if this argument is adopted, logically no resource subject to depletion could ever be used at all. For when the future generation comes of age, it too faces a future generation. This entire line of argument is therefore a peculiarly absurd one.

*Man, Economy, and State with Power and Market*, p. 1037

Conservation laws restrict the use of depleting resources and force owners to invest in the maintenance of replaceable “natural” resources. The effect of both cases is similar: the restriction of present production for the supposed benefit of future production.

*Man, Economy, and State with Power and Market*, p. 1122

Conservation laws are truly “pie-in-the-sky” legislation.

*Man, Economy, and State with Power and Market*, p. 1124

Most conservationist arguments evince almost no familiarity with economics. Many assume that entrepreneurs have no foresight and would blithely use natural resources only to find themselves some day suddenly without any property. Only the wise, providential State can foresee depletion. The absurdity of this argument is evident when we realize that the present value of the entrepreneur’s land is dependent on the expected future rents from his resources.

*Man, Economy, and State with Power and Market*, p. 1125

Another error made by the conservationists is to assume a technology fixed for all time. Human beings use what resources they

have; and as technological knowledge grows, the types of usable resources multiply.

*Man, Economy, and State with Power and Market*, p. 1125

Artificial conservation will wastefully prolong resources beyond the time when they have become obsolete.

*Man, Economy, and State with Power and Market*, p. 1126

When the government owns the land and permits private individuals to use it freely, the result is indeed a wasteful overexploitation of the resource.

*Man, Economy, and State with Power and Market*, p. 1127

... the conservation movement has always enjoyed an uncritical “press,” it being almost always assumed that conservationists can only be motivated by disinterested love of nature. In fact, the conservation movement ... has been an alliance of elitist groups, one part of that coalition upper-class people who wish to repress further growth and thereby preserving both their own enclaves of wealth and the natural scene around them, while others have been private real estate, timber, and other interests, such as railroads, who wish to keep potentially competing public land and natural resources off the market, thereby maintaining and raising the value of their own assets and income. A final and crucial part of the coalition are the experts and technocrats, the professional bureaucrats and managers of the natural resources.

*Progressive Era*, p. 209

The conservation movement, past and present, has generally been painted in sweetness and light, as disinterested nature lovers leading the “people” in war against corporate interests who wished to exploit and plunder natural resources. The actual facts were quite different. ...

... conservation constituted a shift of control or ownership of natural resources from private to governmental hands in order to subsidize and cartelize private interests in that area. In the name of “scientific” management, government intervention took two forms:

either subsidize research and development in natural sources or withhold resources indefinitely from use, thereby cartelizing the resource, and raising prices for private producers and increasing the capital value of resources already in private hands.

*Progressive Era*, pp. 252–53

... many groups concerned with business also supported the conservation crusade ...

*Progressive Era*, p. 261

... there is a deeper consistency to all parts of the [conservation] program. In every case, land and natural resources are taken out of free, private settlement and development and converted to State regulation and control, in partnership with a relatively few privileged private interests. Where government takes resources off the market, the aim is to restrict and cartelize lands or resource industries. Where government subsidizes development, it is carefully limited to a partnership with selected private interest instead of left open to the competition of the free market. Statism — corporate statism — was the key.

*Progressive Era*, pp. 267–68

A fallacy committed by many groups of political philosophers is that somehow an individual living in the present is of far less importance and value than some hypothetical person living in the future.

*Rothbard vs. the Philosophers*, p. 58

... there need be no worries, on the free market, about excess depletion, because any resource will be preserved so that its capital value will be taken into consideration, and this will be the capitalized value of expected future returns. Nobody ravages a forest if he also owns that forest and is interested in its capital value. The key then ... is that private ownership should rule in natural resources, for if the resource is unowned, then surely it will be ravaged.

*Strictly Confidential*, p. 259

## CONSTITUTION

... any progressive or Depressive income tax law violates the constitutional clause requiring uniformity of tax and also violates the Fifth Amendment's due-process clause. The authors recognize that the adoption of the Sixteenth Amendment by no means disposed of the constitutional issue, since this amendment did not supersede the uniformity or due-process clauses.

*Economic Controversies*, p. 554

... if a judicial decree of "unconstitutional" is a mighty check to government power, an implicit or explicit verdict of "constitutional" is a mighty weapon for fostering public acceptance of ever-greater government power.

*Egalitarianism as a Revolt Against Nature*, p. 71

If a judicial decree of "unconstitutional" is a mighty check on governmental power, so too a verdict of "constitutional" is an equally mighty weapon for fostering public acceptance of ever greater governmental power.

*For a New Liberty*, p. 80

... the Constitution has proved to be an instrument for ratifying the expansion of State power rather than the opposite. ... any written limits that leave it to government to interpret its own powers are bound to be interpreted as sanctions for expanding and not binding those powers. In a profound sense, the idea of binding down power with the chains of a written constitution has proved to be a noble experiment that failed. ... The libertarian system would meet this problem by scrapping the entire notion of creating a government — an institution with a coercive monopoly of force over a given territory — and then hoping to find ways to keep that government from expanding. The libertarian alternative is to abstain from such a monopoly government to begin with.

*For a New Liberty*, p. 84

... the American "checks and balances" system is largely a fraud.

*For a New Liberty*, p. 292

... the First Amendment was only supposed to apply to Congress, and not to the several states ... some states continued to have an established church well past the establishment of the American Republic.

*Irrepressible Rothbard*, p. 31

In the days of the Founding Fathers, no one believed that the Supreme Court, much less the Court on any given day; always spoke the last word on the Constitution. Every public official, indeed, almost every person, had his own view of constitutionality and was willing to battle for it. No one proposed to leave such vital matters up to nine oligarchic hacks in Washington.

*Irrepressible Rothbard*, p. 304

... we possess, in the heritage of the U.S. Constitution, a powerful instrument to take up the cudgels of the grand old cause of denationalization and the devolution of the federal government into the states and localities. Libertarians have always, and correctly, been strong on the great libertarian Ninth Amendment to the Constitution. But it is time to realize that we must also take up the old paleoconservative cause of the Tenth Amendment, the decentralization aspect of the Bill of Rights.

*Irrepressible Rothbard*, p. 305

... we have to rediscover not only the forgotten individualist Ninth Amendment, but also the radically decentralist Tenth Amendment, and the legal tradition and principles from which it stemmed. Dismantling the Leviathan State, a task embraced by all libertarians, must also invoke dismantling the nationalizing, centralizing, absolute oligarchy that constitutes the Supreme Court of the United States.

*Irrepressible Rothbard*, p. 377

... the Ninth Amendment provides explicitly a wide-open door for judicial “activists” to affirm individual rights that government may not violate. ... the letter of the Ninth Amendment is an open invitation, indeed a command, to affirm numerous individual rights

which the government may not violate: and these are affirmations which only the judges can make.

*Left and Right*, p. 96

... the Ninth Amendment does not say that all powers not granted are reserved to the people; it says positively that there are rights which the people do retain beyond the Bill of Rights and which cannot be infringed by anyone, in short by either federal or state governments. What, then, are those rights?

To anyone who understands the terminology of the eighteenth century, it is clear in general what those rights are and what they must be: the natural rights of each individual. And these natural rights in essence mean that every individual has the inherent right to dispose of his person and his property as he sees fit, with no infringement on that right by government.

*Left and Right*, p. 97

... if the Constitution says anything it is that the people, and not any branch of government, is sovereign.

*Libertarian Forum v. 1*, p. 373

What are the checks and limits of the State? None, except for the extremely difficult course of revolution against a Power with all of the guns in its hands.

*Libertarian Forum v. 1*, p. 539

The American Constitution ... has been a hollow shell and mockery for many decades.

*Making Economic Sense*, p. 111

... the same pressures of the democratic process that have led to permanent and growing deficits will also be at work on the courts that have acquired the exclusive power to interpret the Constitution. The federal courts are appointed by the executive and confirmed by the legislature, and are therefore part and parcel of the government structure.

*Making Economic Sense*, p. 237



... the whole point of the Constitution was to bind the central government with chains of steel, to keep it tightly and strictly limited, so as to safeguard the rights and powers of the states, local communities, and individual Americans.

In the early years of the American Republic, no political leader or statesman waited for the Supreme Court to interpret the Constitution; and the Court did not have the monopoly of interpreting the Constitution or of enforcing it. Unfortunately, in practice, the federal judiciary is not “independent” at all. ...

... once we allow the Supreme Court to be the monopoly interpreter of governmental — and therefore of its own — power, eventual despotism by the federal government and its kept judiciary becomes inevitable. And that is precisely what has happened. From being the instrument of binding down and severely limiting the power of the federal Leviathan, the Supreme Court and the rest of the judiciary have twisted and totally transformed the Constitution into a “living” instrument and thereby a crucial tool of its own despotic and virtually absolute power over the lives of every American citizen.

*Making Economic Sense*, p. 484

An essential ingredient of a truly effective revolution is that something must be done about the tyrannical judiciary.

*Making Economic Sense*, p. 489

... the Constitution itself has been changed from a limiting to an aggrandizing and legitimizing instrument.

*Strictly Confidential*, p. 53

... the Constitution, regarded as an attempt to limit government, was one of the most noble attempts at limiting government, curbing the State, in human history ... it has failed, and failed almost ignominiously.

*Strictly Confidential*, p. 55

## CONSUMER

... the wants of consumers determine what will be produced ...

*Classical Economics*, p. 26

The whole purpose of the production system is to lead to final consumption. All the intermediate purchases are based on the expectation of final purchase by the consumer and would not take place otherwise.

*Economic Controversies*, p. 278

... firms receive their income, in the final analysis, from serving consumers.

*Economic Controversies*, p. 451

Incomes to factors and entrepreneurs on the market, therefore, are tied inextricably to the effective satisfaction of consumer demand, a satisfaction that depends on the successful forecasting of the market conditions that will exist when and after the goods or services are produced. Income to the firm and to factors from consumers is linked inextricably to the satisfaction the consumers derive. In a deep sense, therefore, income to producers on the market reflects benefits to consumers.

*Economic Controversies*, p. 452

... business firms in the free market earn their keep, not from wealthy customers, but from a mass market by consumers.

*For a New Liberty*, p. 292

... the end of the production process — the consumers' good — is valued because it is a direct means of satisfying man's ends. The consumers' good is consumed, and this act of consumption constitutes the satisfying of human wants.

*Man, Economy, and State with Power and Market*, p. 11

... every man desires to maximize his production of consumers' goods per unit of time. He tries to satisfy as many of his important ends as possible, and at the earliest possible time.

*Man, Economy, and State with Power and Market*, p. 42

... on the unhampered "market," it is the consumers who dictate the course of production.

*Man, Economy, and State with Power and Market*, p. 89

The consumers, through their buying and abstention from buying, decide how much of what will be produced, at the same time determining the incomes of all the participating factors. And every man is a consumer.

*Man, Economy, and State with Power and Market*, p. 514

... the value scales of the consumers determine, given the stocks of original factors, all the various results of the market economy that need to be explained: the prices of the original factors, the allocation of original factors, the incomes to original factors, the rate of time preferences and interest, the length of the production processes in use, and the amounts and types of the final products. In our changing real world, this beautiful and orderly structure of the free market economy tends to be attained through the drive of the entrepreneurs toward making profit and avoiding loss.

*Man, Economy, and State with Power and Market*, p. 569

... production and prices will be allocated on the free market in a way best fitted to serve the needs of the consumers.

*Man, Economy, and State with Power and Market*, p. 623

... to the extent that producers wish to make money, they drive toward ever more efficient servicing of the desires of the consumers — allocating resources to the most value-productive areas and away from the least value-productive.

*Man, Economy, and State with Power and Market*, p. 625

... in the free market economy people will tend to produce those goods most demanded by the consumers.

*Man, Economy, and State with Power and Market*, p. 629

Of course, consumers would prefer lower prices; they always would. In fact, the lower the price, the more they would like it. ...

In their role as consumers, men would always like lower prices for their purchases; in their capacity as producers, men always like higher prices for their wares.

*Man, Economy, and State with Power and Market*, p. 635

In the market, the fittest are those most able to serve the consumers.

*Man, Economy, and State with Power and Market*, pp. 889–90

On the free market, consumers can dictate the pricing and thereby assure the best allocation of productive resources to supply their wants. In a government enterprise, this cannot be done.

*Man, Economy, and State with Power and Market*, p. 946

... the highest money incomes and highest profits ... may be achieved only through maximum service to the consumers. This principle of maximum service to consumers and producers alike (i.e., to everybody) governs the seemingly mysterious market allocation of resources: how much to devote to one firm or another, to one area or another, to the present or the future, to one good or another, to research rather than other forms of investment.

*Man, Economy, and State with Power and Market*, p. 1134

Businesses, in short, are producing for a market, guided by the valuations of consumers on that market. Outside observers may criticize the ultimate valuations of consumers if they choose — although if they interfere with consumption based on these valuations, they impose a loss of utility upon the consumers — but they cannot legitimately criticize the means, the allocations of factors, by which these ends are served.

*Man, Economy, and State with Power and Market*, p. 1135

## CONTRACT

We must not be led into the trap of holding that all contracts, whatever their nature, must be enforceable (i.e., that violence may properly be used in their enforcement). ... Those contracts which do not involve implicit theft [if broken] should not be enforceable in a libertarian society.

*Ethics of Liberty*, p. 79

The right of property implies the right to make contracts about that property: to give it away or to exchange titles of ownership for the property of another person. ... the right to contract is strictly

derivable from the right of private property, and therefore that the only enforceable contracts (i.e., those backed by the sanction of legal coercion) should be those where the failure of one party to abide by the contract implies the theft of property from the other party. In short, a contract should only be enforceable when the failure to fulfill it is an implicit theft of property. But this can only be true if we hold that validly enforceable contracts only exist where title to property has already been transferred, and therefore where the failure to abide by the contract means that the other party's property is retained by the delinquent party, without the consent of the former (implicit theft). Hence, this proper libertarian theory of enforceable contracts has been termed the "title-transfer" theory of contracts.

*Ethics of Liberty*, p. 133

For there can be no property in someone's promises or expectations; these are only subjective states of mind, which do not involve transfer of title, and therefore do not involve implicit theft. They therefore should not be enforceable ...

*Ethics of Liberty*, p. 134

The theory of contract enforcement should have had nothing to do with "compensation"; its purpose should always be to enforce property rights, and to guard against the implicit theft of breaking contracts which transfer titles to alienable property. Defense of property titles — and only such defense — is the business of enforcement agencies.

*Ethics of Liberty*, p. 140

A mere naked promise can confer no title, and neither can any subjective expectations of the promisee.

*Ethics of Liberty*, p. 142

A libertarian, natural-rights, property-rights theory must therefore reconstitute contract law on the proper title-transfer basis.

*Ethics of Liberty*, p. 147

... the proper, libertarian, property-rights, “title-transfer” theory of contract ... declares (a) that a contract is only enforceable when it involves the transfer of a property title to another person, and (b) that a person’s will, his body, is inalienable and cannot be surrendered in an enforceable transaction.

*Libertarian Forum v. 2*, p. 775

Contract must be considered as an agreed-upon exchange between two persons of two goods, present or future.

*Man, Economy, and State with Power and Market*, p. 177

## CORRUPTION

Defensive bribery, in fact, performs an important social function throughout the world. For, in many countries, business could not be transacted at all without the lubricant of bribery; in this way crippling and destructive regulations and exactions can be avoided. A “corrupt government,” then, is not necessarily a bad thing; compared to an “incorruptible government” whose officials enforce the laws with great severity, “corruption” can at least allow a partial flowering of voluntary transactions and actions in a society.

*Ethics of Liberty*, p. 185

... police corruption occurs in those areas where entrepreneurs supply voluntary services to consumers, but where the government has decreed that these services are illegal: narcotics, prostitution, and gambling. ... the government proceeds as follows: first it outlaws a certain activity — drugs, gambling, construction, or whatever — then the governmental police sell to would-be entrepreneurs in the field the privilege of entering and continuing in business.

... what the policemen sell is not just permission to function, but what is in effect a privileged monopoly.

*For a New Liberty*, p. 138

The way, then, to eliminate police corruption is simple but effective: abolish the laws against voluntary business activity and against all “victimless crimes.” Not only would corruption be eliminated, but

a large number of police would then be freed to operate against the real criminals, the aggressors against person and property. This, after all, is supposed to be the function of the police in the first place.

*For a New Liberty*, p. 139

... given the unfortunate and unjust laws prohibiting, regulating, and taxing certain activities, corruption is highly beneficial to society. ... Corruption greases the wheels of trade. The solution, then, is not to deplore corruption and redouble enforcement against it, but to abolish the crippling policies and laws of government that make corruption necessary.

*For a New Liberty*, p. 139

Organized crime is essentially anarcho-capitalist, a productive industry struggling to govern itself; apart from attempts to monopolize and injure competitors, it is productive and non-aggressive.

*Irrepressible Rothbard*, p. 415

## COSTS

In a free market, prices determine costs and not *vice versa* ...

*America's Great Depression*, p. 71

The cost of any individual's choice is his subjective estimate of the value ranking of the highest value foregone from making his choice. For each individual tries, in every choice, to pursue his highest-ranking end; he forgoes or sacrifices the other, lower-ranking, ends that he could have satisfied with the resources available. His cost is his second-highest ranking end, that is, the value of the highest ranking end that he has foregone to achieve a still more highly valued goal. The cost that he incurs in this decision, then, is only *ex ante*; as soon as his decision is made and the choice is exercised and his resource committed, the cost disappears. It becomes an historical cost, forever bygone. And since it is impossible for any external observer to explore, at a later date, or even at the same time, the internal mental processes of the actor, it is impossible for

this observer to determine, even in principle, what the cost of any decision may have been.

*Economic Controversies*, pp. 256–57

Costs are not only monetary. ...

... Costs are purely subjective and not measurable in monetary terms. ... There is no such thing as “social transaction costs” ...

*Economic Controversies*, p. 371

... costs, like utilities, are subjective, and therefore nonmeasurable and noncomparable between persons.

*Economic Controversies*, p. 480

... costs are not “given” and objective but are subjective estimates by various individuals of future selling prices and other economic conditions.

*Economic Controversies*, p. 821

... cost is not intrinsic or given; on the contrary, it itself is determined ... by the value foregone in using resources in production. This value, in turn, is determined by the subjective valuations that consumers place on those products. In brief, rather than cost in some “fundamental” sense determining value, cost at any and all times is itself determined by the subjective value, or expected value, that consumers place on the various products. So that, even if we might say that prices will equal cost of production in long-run equilibrium, there is no reason to assume that such costs determine long-run price; on the contrary, expected consumer valuation determines what the value of costs will be on the market. Cost is strictly dependent on utility, in the short and long runs, and never the other way around.

*Economic Thought Before Adam Smith*, p. 452

... an actor’s costs are his forgone opportunities to enjoy consumers’ goods.

*Man, Economy, and State with Power and Market*, p. 71



“Cost” is simply the utility of the next best alternative that must be forgone in any action, and it is therefore part and parcel of utility on the individual’s value scale.

*Man, Economy, and State with Power and Market*, p. 136

... past costs play no role in human action ...

*Man, Economy, and State with Power and Market*, p. 137

... psychic cost is the next most important use that must be forgone — the use that must be sacrificed in order to attain the most important end. The highest ranked utility forgone, therefore, is defined as the cost of any action.

*Man, Economy, and State with Power and Market*, p. 262

... the cost, or “marginal” cost, of any decision is the next highest utility that must be forgone because of the decision.

*Man, Economy, and State with Power and Market*, p. 340

... costs are subjective and cannot be precisely determined by outside observers ...

*Man, Economy, and State with Power and Market*, p. 341

Once the product has been made, “cost” has no influence on the price of the product. Past costs, being ephemeral, are irrelevant to present determination of prices. ...

That costs do have an influence in production is not denied by anyone. However, the influence is not directly on the price, but on the amount that will be produced or, more specifically, on the degree to which factors will be used.

*Man, Economy, and State with Power and Market*, p. 342

There are no “objective” or “real” costs that determine, or are co-ordinate in determining, price.

*Man, Economy, and State with Power and Market*, p. 343

... costs do not determine prices, but *vice versa*. Or more accurately, prices of consumers' goods, through market processes, determine the prices of productive factors ...

*Man, Economy, and State with Power and Market*, p. 564

... costs are equal to prices only in equilibrium; since the economy is never in equilibrium, costs are never a precise estimate of what the free-market price would have been.

*Man, Economy, and State with Power and Market*, p. 923

... costs are not in fact static but flexible; they change according to prices and hence cannot be used as a guide to the setting of prices ... prices equal average costs only in final equilibrium, and equilibrium cannot be regarded as an ideal for the real world. The market only tends toward this goal.

*Man, Economy, and State with Power and Market*, p. 950

## COUNTERFEITING

Counterfeiting will have far more unfortunate consequences for the economy than simple inflation of the price level. There will be other, and permanent, distortions of the economy away from the free market pattern that responds to consumers and property-rights holders in the free economy. ... In addition to its more narrowly economic distortion and unfortunate consequences, counterfeiting gravely cripples the moral and property rights foundation that lies at the base of any free-market economy.

*Case Against the Fed*, p. 26

Counterfeiting, therefore, is inflationary, redistributive, distorts the economic system, and amounts to stealthy and insidious robbery and expropriation of all legitimate property-owners in society.

*Case Against the Fed*, p. 27

Money is acquired on the market by producing goods and services, and then buying money in exchange for these goods. But there is another way to obtain money: creating money oneself,

without producing — by counterfeiting. Money creation is a much less costly method than producing; therefore the state, with its ever-tightening monopoly of money creation, has a simple route that it can take to benefit its own members and its favored supporters. And it is a more enticing and less disturbing route than taxes — which might provoke open opposition. Creating money, on the contrary, confers open and evident benefits on those who create and first receive it; the losses it imposes on the rest of society remain hidden to the lay observer.

*Case for a 100 Percent Gold Dollar*, pp. 38–39

The creation of paper money severs the vital market link between production and income; for now nonproducers are able, so to speak, to “counterfeit,” to create their own money and to use it to bid away resources from genuine producers. Money creation, in short, redistributes income and wealth from producers to legalized counterfeiters, and to the witting or unwitting beneficiaries of this counterfeiting. Second, this redistribution is effected by subtle and silent means, and this does not raise the opposition provoked by the more direct bludgeon of, say, taxation — and — government spending. Third, the inflation (issue of notes or deposits beyond the stock of specie) weakens and ultimately wrecks the integrity of the monetary unit.

*Conceived in Liberty v. 2*, p. 125; p. 623

What is desperately needed is to abolish the counterfeiting.

*Economic Controversies*, p. 210

Counterfeiting must be prosecuted fully by the law and, more than that, must be scorned and condemned by public opinion. ... One hundred percent banking must be enforced, not by administrative regulations, but by the legal system.

*Economic Controversies*, p. 216

There can be no genuine free market or desocialization so long as government is permitted to counterfeit money ...

*Economic Controversies*, p. 439

... on the free market, the only way to obtain money is to produce and sell goods or services to those who wish to buy; thus, the only way to acquire money from other people is to provide them, *pari passu*, with services they desire. But there is one way to break the requirement of producing desired goods and services to obtain money; and that is to gain control of the means of creating money. If one can create new money simply and easily, then he can enter the market to consume goods and services without first having to produce any himself. On the free market, private individuals cannot do this, since this constitutes the crime of “counterfeiting.” ... The “legalized counterfeiting” of “monetary issue” permits the State to break the production — monetary income chain to its own advantage. Necessarily, this also means to the detriment of the actual producers in society, who must yield resources to the bidding of those who come to the marketplace equipped with this newly issued money.

*Economic Controversies*, pp. 712–13

Just as the State arrogates to itself a monopoly power over legalized kidnapping and calls it conscription; just as it has acquired a monopoly over legalized robbery and calls it taxation; so, too, it has acquired the monopoly power to counterfeit and calls it increasing the supply of dollars ...

*For a New Liberty*, p. 222

He who is given the power to counterfeit do so unless stopped by counter-pressure.

*Libertarian Forum v. 1*, p. 510

The counterfeiter, by introducing fake money into the economy, is able to steal from everyone by robbing every person of the value of his currency. By diluting the value of each ounce or dollar of genuine money, the counterfeiter’s theft is more sinister and more truly subversive than that of the highwayman; for he robs everyone in society, and the robbery is stealthy and hidden, so that the cause-and-effect relation is camouflaged.

*Making Economic Sense*, p. 275

... the counterfeiters and the early recipients of the new money bid away resources from the poor suckers who are down at the end of the line to receive the new money, or who never even receive it at all.

*Making Economic Sense*, p. 276

Counterfeiting is a method of taxation and redistribution — from producers to counterfeiters and to those early in the chain when counterfeiters spend their money and the money gets respent.

*Making Economic Sense*, p. 319

It is, in fact, difficult to see the economic or moral difference between the issuance of pseudo receipts and the appropriation of someone else's property or outright embezzlement or, more directly, counterfeiting. Most present legal systems do not outlaw this practice; in fact, it is considered basic banking procedure. Yet the libertarian law of the free market would have to prohibit it.

*Man, Economy, and State with Power and Market*, p. 803

It should be understood that, praxeologically, there is no difference between the nature and effects of taxation and inflation on the one hand, and of robberies and counterfeiting on the other. Both intervene coercively in the market, to benefit one set of people at the expense of another set.

*Man, Economy, and State with Power and Market*, pp. 1149–50

Counterfeiting is of course fraud. ...

... counterfeiting defrauds and injures not only the specific holders of the new coins but all holders of old dollars — meaning, everyone else in society.

*Mystery of Banking*, p. 49

Counterfeiting, and the resulting inflation, is therefore a process by which some people — the early holders of the new money — benefit at the expense of (i.e., they expropriate) the late receivers. The first, earliest and largest net gainers are, of course, the counterfeiters themselves.

*Mystery of Banking*, pp. 50–51

Counterfeiting is evidently but another name for inflation ...

*What Has Government Done to Our Money?*, p. 50

Governmental control of money could only become absolute, and its counterfeiting unchallenged, as money substitutes came into prominence in recent centuries. The advent of paper money and bank deposits, an economic boon when backed fully by gold or silver, provided the open sesame for government's road to power over money, and thereby over the entire economic system.

*What Has Government Done to Our Money?*, pp. 64–65

## CREDIT

Placing your goods in a warehouse (or, alternatively, in a safe-deposit box) is not, in other words, a “debt contract”; it is known in the law as a “bailment” contract, in which the bailor (the depositor) leaves property in the care, or in the trust of, the bailee (the warehouse).

*Case Against the Fed*, p. 35

... credit always involves the purchase of a future good by the creditor in exchange for a present good (money). The creditor gives up a present good in exchange for an IOU for a good coming to him in the future. But a claim — and bank notes or deposits are claims to money — does not involve the creditor's relinquishing any of the present good. On the contrary, the noteholder or deposit-holder still retains his money (the present good) because he has a claim to it, a warehouse receipt, which he can redeem at any time he desires.

*Case for a 100 Percent Gold Dollar*, pp. 45–46

... the essence of a loan is that a “present good” (money which can be used at present) is being exchanged for a “future good” (an IOU which can only be used at some point in the future). Since people always prefer money right now to the present prospect of getting the same amount of money some time in the future, the present good always commands a premium in the market over the future. This premium is the interest rate, and its height will vary according

to the degree to which people prefer the present to the future, i.e., the degree of their time-preferences.

*Economic Depressions: Their Cause and Cure*, pp. 31–32

... a loan is precisely the transfer of a sum of money in exchange for the current promise of a sum of money in the future.

*Economic Thought Before Adam Smith*, p. 400

Would bankruptcy laws be permissible in a libertarian legal system? Clearly not, for the bankruptcy laws compel the discharge of a debtor's voluntarily contracted debts, and thereby invade the property rights of the creditors. ... Bankruptcy laws, which discharge the debt in defiance of the property rights of the creditor, virtually confer a license to steal upon the debtor.

*Ethics of Liberty*, pp. 143–44

In a credit transaction, a present good is exchanged for a future good.

*Man, Economy, and State with Power and Market*, p. 166

... the various rates of time preference — ultimately determined by relative positions on individual value scales — will act to set the price of credit exchanges. Moreover, the receiver of the present good — the debtor — will always have to repay a greater amount of the good in the future to the creditor — the man who receives the claim, since the same number of units is worth more as a present good than as a future good. The creditor is rendering the debtor the service of using a good in the present, while the debtor pays for this service by repaying a greater amount of the good in the future.

*Man, Economy, and State with Power and Market*, p. 167

Consumer credit that does not add to the money supply is not inflationary; it simply permits consumers to redirect the pattern of their spending so as to buy more of what they want and ascend higher in their value scales. In short, they may redirect spending from nondurable to durable goods. This is a transfer of spending

power, not an inflationary rise. The device of consumer credit was a highly productive invention.

*Man, Economy, and State with Power and Market*, pp. 984–85

Government loans to private enterprise, therefore, or guarantees of private loans, create many centers of government ownership. Furthermore, the total quantity of savings in the economy is not increased by government guarantees and loans, but its specific form is changed. The free market tends to allocate social savings to their most profitable and productive channels. Government loans and guarantees, by contrast, divert savings from more to less productive channels. They also prevent the success of the most efficient entrepreneurs and the weeding out of the inefficient (who would then become simply labor factors rather than entrepreneurs). In both these ways, therefore, government lending lowers the general standard of living ...

*Man, Economy, and State with Power and Market*, p. 1274

In a loan, or a credit transaction, the creditor exchanges a present good — that is, a good available for use at any time in the present — for a future good, an IOU redeemable at some date in the future. Since present goods are more valuable than future goods, the creditor will invariably charge, and the debtor pay, an interest premium for the loan.

The hallmark of a loan, then, is that the money is due at some future date and that the debtor pays the creditor interest. But the deposit, or claim transaction, is precisely the opposite. The money must be paid by the bank at any time the depositor presents the ticket, and not at some precise date in the future.

*Mystery of Banking*, p. 87

In a credit transaction, the possessor of money (a good useful in the present) exchanges it for an IOU payable at some future date (the IOU being a “future good”) and the interest charge reflects the higher valuation of present goods over future goods on the market. But bank notes or deposits are not credit; they are warehouse receipts, instantaneous claims to cash (e.g., gold) in the bank vaults. The debtor makes sure that he pays his debt when payment



becomes due; the fractional reserve banker can never pay more than a small fraction of his outstanding liabilities.

*What Has Government Done to Our Money?*, pp. 46–47

## CREDIT EXPANSION

... credit-expansion, launched by the banking system, causes booms and busts.

*America's Great Depression*, p. xxxvii

... what happens when banks print new money (whether as bank notes or bank deposits) and lend it to business? The new money pours forth on the loan market and lowers the loan rate of interest. It looks as if the supply of saved funds for investment has increased, for the effect is the same: the supply of funds for investment apparently increases, and the interest rate is lowered. Businessmen, in short, are misled by the bank inflation into believing that the supply of saved funds is greater than it really is. Now, when saved funds increase, businessmen invest in “longer processes of production,” i.e., the capital structure is lengthened, especially in the “higher orders” most remote from the consumer. Businessmen take their newly acquired funds and bid up the prices of capital and other producers’ goods, and this stimulates a shift of investment from the “lower” (near the consumer) to the “higher” orders of production (furthest from the consumer) — from consumer goods to capital goods industries.

*America's Great Depression*, pp. 10–11

Credit expansion generates the business cycle regardless of the existence of unemployed factors. Credit expansion in the midst of unemployment will create more distortions and malinvestments, delay recovery from the preceding boom, and make a more grueling recovery necessary in the future.

*America's Great Depression*, p. 30

... credit expansion distorts investment by directing too much of the available capital into the higher orders of production, leaving too little for lower ...

*America's Great Depression*, p. 31

To generate the business cycle, inflation must take place via loans to business ...

*America's Great Depression*, p. 93

The more the banks issue beyond the cash in their vaults, the more outrageous the discrepancy, and the greater the possibility of a sudden loss of confidence in the banks ...

*Case Against the Fed*, p. 50

For any one bank, the more it creates fake receipts, the more danger it will be in.

*Case Against the Fed*, p. 53

... bank credit expansion under fractional-reserve banking (or "creation of counterfeit warehouse receipts") creates price inflation, loss of purchasing power of the currency unit, and redistribution of wealth and income.

*Case Against the Fed*, p. 54

... swift credit contraction leads to a financial and business crisis and recession ... the credit-creation process by the banks habitually generates destructive boom-bust cycles.

*Case Against the Fed*, p. 55

... inflationary increases in bank credit take place as a process of fraudulent issue of fake warehouse receipts to standard money.

*Classical Economics*, p. 243

... the expansion of bank credit artificially lowers the interest rate, and lures business firms into the fatal over-investment.

*Classical Economics*, p. 262

... it takes bank credit expansion to distort the market's signals to entrepreneurs and create a boom-bust cycle ...

*Classical Economics*, p. 433

... it is precisely the expansion of bank demand deposits beyond their reserves that accounts for the phenomena of inflation and business cycles.

*Economic Controversies*, p. 730

... the banks, for one thing, would never be able to expand credit in concert were it not for the intervention and encouragement of government. For if banks were truly competitive, any expansion of credit by one bank would quickly pile up the debts of that bank in its competitors, and its competitors would quickly call upon the expanding bank for redemption in cash.

*Economic Depressions: Their Cause and Cure*, p. 26

Bank credit expansion, by pouring new loan funds into the business world, artificially lowers the rate of interest in the economy below its free market level.

*Economic Depressions: Their Cause and Cure*, p. 31

Bank credit expansion not only raises prices, it also artificially lowers the rate of interest, and thereby sends misleading signals to businessmen, causing them to make unsound and uneconomic investments.

*For a New Liberty*, p. 233

... any credit inflation sets up conditions for boom-and-bust; there is no need for prices actually to rise.

*History of Money and Banking in the United States*, p. 94

The expansion of credit necessarily means an increased supply in the credit market and hence a lowering of the price of credit, or the rate of interest. On the other hand, if the Fed restricts the supply of credit and the growth of the money supply, this means that the supply in the credit market declines, and this should mean a rise in interest rates.

*Making Economic Sense*, p. 11

Inflationary bank credit is artificial, created out of thin air; it does not reflect the underlying saving or consumption preferences of the public. Some earlier economists referred to this phenomenon as “forced” savings; more importantly, they are only temporary. As the increased money supply works its way through the system, prices and all values in money terms rise, and interest rates will then bounce back to something like their original level. Only a repeated injection of inflationary bank credit by the Fed will keep interest rates artificially low, and thereby keep the artificial and unsound economic boom going; and this is precisely the hallmark of the boom phase of the boom-bust business cycle.

*Making Economic Sense*, p. 35

The problem, therefore, is not debt but credit, and not all credit but bank credit financed by inflationary expansion of bank money rather than by the genuine savings of either shareholders or creditors. The problem in other words, is not debt but loans generated by fractional-reserve banking.

*Making Economic Sense*, p. 261

... poor quality loans and investments are always the consequence of central bank and bank-credit expansion.

*Making Economic Sense*, p. 293

... there could not be any monetary credit expansion on a free market.

*Man, Economy, and State with Power and Market*, p. 857

... there can be no bank credit expansion on the free market, since this is equivalent to the issue of fraudulent warehouse receipts.

*Man, Economy, and State with Power and Market*, p. 873

... credit expansion — the creation of new money-substitutes, entering the economy on the credit market.

*Man, Economy, and State with Power and Market*, p. 991

... bank credit expansion cannot increase capital investment by one iota. Investment can still come only from savings.

*Man, Economy, and State with Power and Market*, pp. 997–98

... credit expansion generates further cycles whether or not there are unemployed factors. It creates more distortions and malinvestments, delays indefinitely the process of recovery from the previous boom, and makes necessary an eventually far more grueling recovery to adjust to the new malinvestments as well as to the old.

*Man, Economy, and State with Power and Market*, p. 1008

... bank credit is subject to contraction as well as expansion.

*Mystery of Banking*, p. 101

If banks have to contract suddenly, they will put pressure on their borrowers, try to call in or will refuse to renew their loans, and the deflationary pressure will bring about a recession — the successor to the inflationary boom.

*Mystery of Banking*, pp. 102–03

Banks profit by credit expansion.

*What Has Government Done to Our Money?*, p. 74

## CREDITORS AND DEBTORS

Inflation systematically injures creditors for the benefit of debtors.

*Classical Economics*, p. 38

Debtors always gain from the rise in prices caused by inflation; they can then pay back their loans in money of lower purchasing power than they had borrowed. Furthermore, if the new money is loaned out by government or banks, debtors may benefit from the artificially low interest rate on the loan. Creditors, conversely, are always among the groups injured by inflation, for they receive the inferior money, and interest return on further loans is artificially lowered if the new issue appears on the loan market.

*Conceived in Liberty* v. 2, p. 126; p. 624

It is impermissible to think in terms of fixed persisting debtor classes and creditor classes tied inextricably to certain economic occupations.

*Conceived in Liberty v. 1*, p. 262; p. 252

Debtor and creditor refer not to fixed occupational categories. A man is not born into the status of debtor or creditor, and anyone may shift continually from one category to the other — or to neither one.

*Conceived in Liberty v. 2*, p. 126; p. 624

... on the market, the creditor supplies a valuable service for which he is paid by the debtor.

*Conceived in Liberty v. 2*, p. 84; p. 582

The creditor is selling the debtor money, a present good (a good useful now), in exchange for an IOU for the future which is a “future good” (a good only available at some point in the future). But since everyone prefers a present good to an equivalent future good (the universal fact of time-preference), the lender will charge, and the borrower will be willing to pay, interest on a loan. Interest is, then, the price of time-preference.

*Economic Thought Before Adam Smith*, p. 50

The lender is never without risk; he always bears the risk of the borrower going bankrupt.

*Economic Thought Before Adam Smith*, p. 92

The creditor is rendering the debtor the service of using a good in the present, while the debtor pays for this service by repaying a greater amount of the good in the future.

*Man, Economy, and State with Power and Market*, p. 167

## CRIME

Whereas an expanded market encourages increases in production and supply, theft discourages production and contracts the market.

... what distinguishes a criminal group is that its income, in contrast to that of all other organizations, is extracted by the use of violence, against the wishes or consent of the victims.

*Economic Controversies*, p. 457

... the activities of thieves are most emphatically not neutral to the market. In fact, the robbers divert income and resources from the market by the use of coercive violence, and thereby skew and distort production, income, and resources from what they would have been in the absence of coercion.

*Economic Controversies*, p. 459

... robbery clearly hobbles and restricts production. So in addition to being immoral while peaceful exchange is moral, the method of robbery hobbles production because it is parasitic upon the effort of the producers.

*Economic Controversies*, p. 675

In the long run, the robber destroys his own subsistence by dwindling or eliminating the source of his own supply. But not only that; even in the short-run, the predator is acting contrary to his own true nature as a man.

*Egalitarianism as a Revolt Against Nature*, p. 59

The gravest crimes in the State's lexicon are almost invariably not invasions of private person or property, but dangers to its own contentment, for example, treason, desertion of a soldier to the enemy, failure to register for the draft, subversion and subversive conspiracy, assassination of rulers and such economic crimes against the State as counterfeiting its money or evasion of its income tax. Or compare the degree of zeal devoted to pursuing the man who assaults a policeman, with the attention that the State pays to the assault of an ordinary citizen.

*Egalitarianism as a Revolt Against Nature*, p. 81

"Crime" can then be defined and properly analyzed as a violent invasion or aggression against the just property of another individual

(including his property in his own person). The positive theory of liberty then becomes an analysis of what can be considered property rights, and therefore what can be considered crimes.

*Ethics of Liberty*, p. xlviii

We may define anyone who aggresses against the person or other produced property of another as a criminal. A criminal is anyone who initiates violence against another man and his property ...

*Ethics of Liberty*, p. 51

... a criminal is someone who aggresses against such property. Any criminal titles to property should be invalidated and turned over to the victim or his heirs; if no such victims can be found, and if the current possessor is not himself the criminal, then the property justly reverts to the current possessor on our basic “home-steading” principle.

*Ethics of Liberty*, p. 60

... “crime” is an act of aggression against a man’s property right, either in his own person or his materially owned objects. Crime is an invasion, by the use of violence, against a man’s property and therefore against his liberty.

*For a New Liberty*, p. 50

... it is itself criminal to invade the property of anyone not yet convicted of a crime.

*For a New Liberty*, p. 133

... to outlaw something which might lead to crime is an illegitimate and invasive assault on the rights of person and property ...

*For a New Liberty*, p. 136

... we cannot call a man a criminal for stealing goods from a thief.

*Libertarian Forum v. 1*, p. 27



Crime is crime, and it must be put down with due and proper firmness; otherwise, appeasement of the criminal aggressor will only encourage his (or her) voraciousness for further aggression. As libertarians, and as people, we want a non-aggressive world; and to achieve this we must reinforce the general reluctance to commit crime by apprehending and punishing the criminal.

*Libertarian Forum v. 1*, p. 109

... “crime” means assault on person and property ...

*Libertarian Forum v. 1*, p. 382

... if a criminal is not responsible for his actions, which are determined not by his free choice but by his environment, well then ... it becomes plausible to assert that porno, miniskirts, tight jeans, etc. generate lustful impulses and the therefore the rape victim — or at least the class of sexy females in general — is responsible for the rape, rather than the rapist.

*Libertarian Forum v. 2*, p. 771

It is doubtful whether even a robber gains in the long run, for a society in which violence and tyranny are practiced on a large scale will so lower productivity and become so much infected with fear and hate that even the robbers may be unhappy when they compare their lot with what it might be if they engaged in production and exchange in the free market.

*Man, Economy, and State with Power and Market*, p. 1327

When will the American people wake up to the realization that robbery only benefits the robber, and that the edict “thou shalt not steal” applies to rulers (and Keynesians) as well as to anybody else?

*Strictly Confidential*, pp. 226–27

## DEFICITS

Huge deficits ... cripple private investment by crowding out private savings and channeling them into unproductive and wasteful

government boondoggles which will also impose higher taxes on future generations.

... While deficits are often inflationary and always pernicious, curing them by raising taxes is equivalent to curing an illness by shooting the patient. ...

Deficits, then, should be eliminated, but only by cutting government spending.

*America's Great Depression*, p. xviii

... since taxation is an evil act of aggression, any failure to welcome a tax cut with alacrity undercuts and contradicts the libertarian goal. The time to oppose government expenditures is when the budget is being considered or voted upon, when the libertarian should call for drastic slashes in expenditures as well. Government activity must be reduced whenever and wherever it can; any opposition to a particular tax — or expenditure cut — is impermissible for it contradicts libertarian principles and the libertarian goal.

*Ethics of Liberty*, p. 263

... since taxation is an illegitimate act of aggression, any failure to welcome a tax cut — any tax cut — with alacrity undercuts and contradicts the libertarian goal. The time to oppose government expenditures is when the budget is being considered or voted upon; then the libertarian should call for drastic slashes in expenditures as well. In short, government activity must be reduced whenever it can: any opposition to a particular cut in taxes or expenditures is impermissible, for it contradicts libertarian principles and the libertarian goal.

*For a New Liberty*, p. 384

... even deficits not at all monetized will have a baleful effect. For they will mean that precious and scarce private savings will be siphoned off into unproductive government boondoggles. Growth rates, already alarmingly low, will sink further because government spending will “crowd out” private investment from the capital markets. Interest rates will therefore be driven upward. But the major problem is not the rise in interest, but the crippling effect on

private investment, productivity, and economic growth. Deficits Do Matter!

*Libertarian Forum v. 2, p. 1000*

Deficits, therefore, should be eliminated by drastic slashes of government spending. But where and how? The answer: anywhere and everywhere. There is no mystery about it. Just slash with a hefty meat axe. Go down, for example, the Eisenhower budget and reduce every item back to it. Or better yet, the Roosevelt budget of the 1930s. Still better, the Grover Cleveland budget. Still better yet, return to the average annual budget of the Federalist period of the 1790s: \$5.8 million dollars. ...

Of course, my most preferred position is that the United States budget go back, or rather go forward, to a nice round Zero. But, to demonstrate my devotion to moderation, I could live with a transitional level of \$5.8 million for a year or two.

*Libertarian Forum v. 2, p. 1003*

... federal deficits will divert savings to unproductive government spending and thereby crowd out productive investment, generating ever greater long-run problems in advancing or even maintaining the living standards of the public.

*Making Economic Sense, p. 9*

... deficits, whichever way you look at them, cause grave economic problems. If they are financed by the banking system, they are inflationary. But even if they are financed by the public, they will still cause severe crowding-out effects, diverting much-needed savings from productive private investment to wasteful government projects. And, furthermore, the greater the deficits the greater the permanent income tax burden ...

*Making Economic Sense, p. 10*

Curing deficits by raising taxes is equivalent to curing someone's bronchitis by shooting him. The "cure" is far worse than the disease.

*Making Economic Sense, p. 10*

... the only sound cure for deficits is the simple but virtually unmentioned one: cut the federal budget.

*Making Economic Sense*, p. 11

... the deficit is a grave problem, but the way to cut it is never to increase taxes (certainly not during a recession!) but instead to slash government expenditures. In contrast to the conventional media wisdom, increasing taxes is not, except strictly arithmetically, equivalent to cutting expenditures. Increasing taxes or expenditures aggravates the dangerous parasitic burden of the unproductive public sector ...

*Making Economic Sense*, p. 22

... balancing the budget by increasing taxes is like curing influenza by shooting the patient; the cure is worse than the disease.

*Making Economic Sense*, p. 237

... the various proposed balanced-budget amendments suffer from many deep flaws ...

*Making Economic Sense*, p. 237

... government spending cuts are the only sound way to cure deficits.

*Making Economic Sense*, p. 268

The one fiscal thing worse than a deficit is higher taxes.

*Making Economic Sense*, p. 438

... the government's tax revenue and deficit revenue are both burdens imposed on production.

*Man, Economy, and State with Power and Market*, p. 1293

... it is perfectly possible, theoretically, for the federal government to have a deficit (total spending greater than total revenues) which does not lead to any increase in the money supply and is therefore not inflationary. ... If the deficit is financed strictly by selling new

bonds to the public (individuals, corporations, insurance companies, etc.), then there is no increase in the money supply and hence no inflation. ...

... the deficit will siphon off or “crowd out” vast sums of capital from productive private investment to unproductive and parasitic government spending. This will cripple productivity and economic growth, and raise interest rates considerably. Furthermore, the parasitic tax burden will increase in the future ...

*Mystery of Banking*, p. 171

## DEFLATION

Government intervention against deflation has brought us the unwelcome phenomenon of inflationary recession.

*America's Great Depression*, p. xxxii

The long-run tendency of the free market economy, unhampered by monetary expansion, is a gently falling price level, falling as the productivity and output of goods and services continually increase.

*America's Great Depression*, p. xxxiv

... so long as the society remains on this pure gold or silver “standard,” there will probably be only gradual annual increases in the supply of money, from the output of gold mines. The supply of gold is severely limited, and it is costly to mine further gold; and the great durability of gold means that any annual output will constitute a small portion of the total gold stock accumulated over the centuries. The currency will remain of roughly stable value; in a progressing economy, the increased annual production of goods will more than offset the gradual increase in the money stock. The result will be a gradual fall in the price level, an increase in the purchasing power of the currency unit or gold ounce, year after year. The gently falling price level will mean a steady annual rise in the purchasing power of the dollar or franc, encouraging the saving of money and investment in future production. A rising output and falling price level signifies a steady increase in the standard of living for each person in society. Typically, the cost of living falls

steadily, while money wage rates remain the same, meaning that “real” wage rates, or the living standards of every worker, increase steadily year by year.

*Case Against the Fed*, pp. 20–21

... deflation only causes losses and bankruptcies if it is unexpected, revealing an excessive bidding up of wage rates and other business costs. Deflation, in addition to having the healthy impact of purging unsound investments and unsound banks from the economy, would have strictly limited and temporary effect; first, because while inflation is technically unlimited until the value of the currency is totally destroyed, deflation must necessarily be limited to the amount of bank expansion ...

*Classical Economics*, p. 174

... a growing, unhampered economy will lead to secularly falling prices and costs, with the resulting higher living standards spread throughout the ranks of the consumers.

*Economic Controversies*, p. 248

... inflation is not ineluctably built into the economy, nor is it a prerequisite for a growing and thriving world. ...

... falling prices put no damper whatsoever on business or economic prosperity. Thus, falling prices are apparently the normal functioning of a growing market economy.

*For a New Liberty*, p. 217

... the unhampered free-market economy will usually increase the supply of goods and services and thereby bring about a gently falling price level ...

*History of Money and Banking in the United States*, p. 95

... absolute federal control of the banking system means that we never can enjoy an outright contraction of the money supply, and hence prices in general can never fall.

*Libertarian Forum v. 1*, p. 122

In the unhampered free market economy, the supply of goods and services usually increases, as investment and productivity rise. This means that the tendency of the free market will be for prices to fall, some prices of course more than others ...

*Libertarian Forum v. 1*, p. 230

Deflation, far from being a catastrophe, is the hallmark of sound and dynamic economic growth.

*Making Economic Sense*, pp. 15–16

... increased productivity and supply of goods will tend to lower prices on the free market. And this indeed is the general record of the Industrial Revolution in the West since the mid-eighteenth century.

But rather than a problem to be dreaded and combatted, falling prices through increased production is a wonderful long-run tendency of untrammelled capitalism.

*Making Economic Sense*, p. 251

In a progressing economy, given a constant supply of money, increased investment and a longer capital structure bring about lower money prices for factors and still lower prices for consumers' goods.

*Man, Economy, and State with Power and Market*, p. 626

... falling prices resulting from increased productivity are beneficial to all and are precisely the means by which the fruits of industrial progress spread on the free market. Any interference with falling prices blocks the spread of the fruits of an advancing economy ...

*Man, Economy, and State with Power and Market*, p. 850

... deflation can lead to continuing unemployment only if the government or the unions keep wage rates above the discounted marginal value products of labor. If wage rates are allowed to fall freely, no continuing unemployment will occur.

*Man, Economy, and State with Power and Market*, p. 1007

An increased supply of goods produced will raise the demand for money and also therefore lower the overall level of prices.

*Mystery of Banking*, p. 59

Governments are inherently inflationary; historically, deflationary action by the government has been negligible and fleeting.

*What Has Government Done to Our Money?*, p. 75

## DEMOCRACY

... democracy at best can only reduce the number of people being coerced; it does not eliminate coercion.

*Economic Controversies*, p. 482

... to protect the rights of the individual, general and prior majority consent to a rigid constitution that severely limits the powers of government is a far better guarantee than constant reliance on the good sense and discretion of the elected “people’s representatives.” If this is antidemocratic, so much the worse for “democracy.”

*Economic Controversies*, p. 555

... participatory democracy can work only in groups so tiny that they are, in effect, the “leaders” shorn of their following.

*Economic Controversies*, p. 630

... formal democracy was early seen to be compatible with despotism of the rulers over the ruled.

*Education: Free and Compulsory*, p. 39

... voting does not imply voluntary consent.

*Ethics of Liberty*, p. 187

... libertarians and other Americans must guard against *a priori* history: in this case, against the assumption that, in any conflict, the State which is more democratic or allows more internal freedom is necessarily or even presumptively the victim of aggression by the more dictatorial or totalitarian State.

*For a New Liberty*, pp. 363–64



... very few countries can pass the “democracy” test, or have ever done so ...

*Irrepressible Rothbard*, p. 165

... democratic theory says that the State should have a monopoly of force in its territorial area.

*Irrepressible Rothbard*, p. 229

... libertarians believe that everyone has the natural right to self-ownership and ownership of property, but that there is no such thing as a natural “right” to vote.

*Irrepressible Rothbard*, p. 233

... the whole point of free elections is to make peaceful change possible.

*Left and Right*, p. 176

... no libertarian can be unsympathetic to an organized drive for non-participation in elections ...

... it is still not immoral to use the electoral process when a significant choice presents itself. The use of the electoral process is not, then, immoral *per se*, as the non-voting camp would have us believe.

*Libertarian Forum* v. 1, pp. 261–62

... if the public is not to be allowed to vote on issues that affect their lives, why should they be allowed to vote for the people who will make those very decisions: for the beloved President, the Congress, etc.?

*Making Economic Sense*, pp. 111–12

... “democracy” has been treated as a shibboleth, as an ultimate moral absolute, virtually replacing all other moral principles including the Ten Commandments and the Sermon on the Mount. ... The overriding imperative of democracy is considered self-evident and sacred, apparently above discussion among mere mortals.

What, in fact, is so great about democracy? Democracy is scarcely a virtue in itself, much less an overriding one, and not nearly as

important as liberty, property rights, a free market, or strictly limited government. Democracy is simply a process, a means of selecting government rulers and policies. It has but one virtue, but this can indeed be an important one: it provides a peaceful means for the triumph of the popular will.

*Making Economic Sense*, pp. 486–87

... the partisans of intervention assume that individuals are not competent to run their own affairs or to hire experts to advise them, but also assume that these same individuals are competent to vote for these experts at the ballot box. They are further assuming that the mass of supposedly incompetent consumers are competent to choose not only those who will rule over themselves, but also over the competent individuals in society. Yet such absurd and contradictory assumptions lie at the root of every program for “democratic” intervention in the affairs of the people.

*Man, Economy, and State with Power and Market*, p. 886

Lacking the direct test of success or failure, the voter tends to turn, not to those politicians whose policies have the best chance of success, but to those who can best “sell” their propaganda ability. Without grasping logical chains of deduction, the average voter will never be able to discover the errors that his ruler makes.

*Man, Economy, and State with Power and Market*, p. 887

Since there is no direct test in government, and, indeed, little or no personal contact or relationship between politician or expert and voter, there is no way by which the voter can gauge the true expertise of the man he is voting for.

*Man, Economy, and State with Power and Market*, p. 889

The voter, by voting for some particular candidate, demonstrates only a relative preference for him over one or two other potential rulers — and he must do this, let us not forget, within the framework of the coercive rule that, whether he votes or not, one of these men will rule over him for the next few years.

*Man, Economy, and State with Power and Market*, p. 890

... government officials will tend to regard themselves as only transitory owners of “public” resources. While a private owner, secure in his property and its capital value, may plan the use of his resource over a long period of time in the future, the government official must exploit “his” property as quickly as he can, since he has no security of tenure. And even the most securely entrenched civil servant must concentrate on present use, because government officials cannot usually sell the capitalized value of their property, as private owners can. In short, except in the case of the “private property” of a hereditary monarch, government officials own the current use of resources, but not their capital value. But if a resource itself cannot be owned, but only its current use, there will rapidly ensue an uneconomic exhaustion of the resource, since it will be to no one’s benefit to conserve it over a period of time, and yet to each owner’s advantage to use it up quickly. It is particularly curious, then, that almost all writers parrot the notion that private owners, possessing time preference, must take the “short view” in using their resources, while only government officials are properly equipped to exercise the “long view.” The truth is precisely the reverse. The private individual, secure in his capital ownership, can afford to take the long view because of his interest in maintaining the capital value of his resource. It is the government official who must take and run, who must exploit the property quickly while he is still in command.

*Man, Economy, and State with Power and Market*, pp. 956–57

Coercion would exist even in the most direct democracies.

*Man, Economy, and State with Power and Market*, p. 1066n8

Voting is a highly marginal activity because (a) the voter obtains no direct benefits from his act of voting, and (b) his aliquot power over the final decision is so small that his abstention from voting would make no appreciable difference to the final outcome. In short, in contrast to all other choices a man may make, in political voting he has practically no power over the outcome, and the outcome would make little direct difference to him anyway.

*Man, Economy, and State with Power and Market*, p. 1248

... no government official regards himself as more than a transitory owner. As a result, while a private owner, secure in his property and owning its capital value, plans the use of his resource over a long period of time, the government official must milk the property as quickly as he can, since he has no security of ownership. Further, even the entrenched civil servant must do the same, for no government official can sell the capitalized value of his property, as private owners can. In short, government officials own the use of resources, but not their capital value (except in the case of the “private property” of a hereditary monarch). When only the current use can be owned, but not the resource itself, there will quickly ensue uneconomic exhaustion of the resources, since it will be to no one’s benefit to conserve it over a period of time and to every owner’s advantage to use it up as quickly as possible. In the same way, government officials will consume their property as rapidly as possible.

*Man, Economy, and State with Power and Market*, p. 1278

... democracy is compatible neither with the purely free society nor with socialism. ... only those two societies are stable ... all intermediary mixtures are in “unstable equilibrium” and always tending toward one or the other pole. This means that democracy, in essence, is itself an unstable and transitional form of government.

*Man, Economy, and State with Power and Market*, p. 1282

For if someone contends that the majority in Country X should govern that country, then it could be argued with equal validity that the majority of a certain district within Country X should be allowed to govern itself and secede from the larger country, and this subdividing process can logically proceed down to the village block, the apartment house, and, finally, each individual, thus marking the end of all democratic government through reduction to individual self-government. But if such a right of secession is denied, then the national democrat must concede that the more numerous population of other countries should have a right to out-vote his country; and so he must proceed upwards to a world government run by a world majority rule. In short, the democrat who

favors national government is self-contradictory; he must favor a world government or none at all.

*Man, Economy, and State with Power and Market*, p. 1283

The average voter is necessarily less qualified to choose persons to decide issues than he is to vote on the issues themselves.

*Man, Economy, and State with Power and Market*, p. 1285

... the very concept of an “independent judiciary” contradicts the theory of democratic rule (whether classical or modern). If the judiciary is really independent of the popular will, then it functions, at least within its own sphere, as an oligarchic dictatorship, and we can no longer call the government a “democracy.”

*Man, Economy, and State with Power and Market*, p. 1286

... the arguments for democracy are thus shown to be a maze of fallacy and contradiction ...

*Man, Economy, and State with Power and Market*, p. 1291

... it is self-contradictory to contend that people cannot be trusted to make moral decisions in their daily lives but can be trusted to vote for or accept leaders who are morally wiser than they.

*Man, Economy, and State with Power and Market*, p. 1303

## DEMONSTRATED PREFERENCE

Since all action is determined by the choice of the actor, any particular act demonstrates a person's preference for this action. From this it follows that if A and B voluntarily agree to make an exchange (whether the exchange be material or spiritual), both parties are doing so because they expect to benefit.

*Economic Controversies*, p. 20

... action demonstrates preference ...

*Economic Controversies*, p. 90

... the economist, doesn't know what anyone's value scales are except as those value preferences are demonstrated by a person's concrete action.

*Economic Controversies*, p. 93

The concept of demonstrated preference is simply this: that actual choice reveals, or demonstrates, a man's preferences; that is, that his preferences are deducible from what he has chosen in action.

*Economic Controversies*, p. 290

... demonstrated preference only treats values as revealed through chosen action.

*Economic Controversies*, p. 321

In the case of voluntary purchase on the market, as we have seen, the consumer demonstrates by his purchase that he values the good or service he buys more than the price he pays; but in paying taxes he demonstrates no such thing — only the desire not to be the recipient of further violence by the State. We have no idea how much the taxpayers would value these services, if indeed they valued them at all.

*Economic Controversies*, p. 463

## DEPOSIT INSURANCE

... if no business firm can ever be "insured," how much more is this true of a fractional-reserve bank! For the very essence of fractional-reserve banking is that the bank is inherently insolvent, and that its insolvency will be revealed as soon as the deluded public realizes what is going on, and insists on repossessing the money which it mistakenly thinks is being safeguarded in its trusted neighborhood bank. If no business firm can be insured, then an industry consisting of hundreds of insolvent firms is surely the last institution about which anyone can mention "insurance" with a straight face. "Deposit insurance" is simply a fraudulent racket, and a cruel one at that, since it may plunder the life savings and the money stock of the entire public.

*Case Against the Fed*, p. 137

... fractional-reserve bank deposits are in no sense “insurable.”

*Case Against the Fed*, p. 150n44

The very idea of “deposit insurance” is a swindle ...

*Making Economic Sense*, p. 284

The very concept of “deposit insurance” is fraudulent; how can you “insure” an entire industry that is inherently insolvent? It would be like insuring the Titanic after it hit the iceberg.

*Making Economic Sense*, p. 290

It is impossible to “insure” a firm, even less so an industry, that is inherently insolvent. Fractional reserve banks, being inherently insolvent, are uninsurable.

*Making Economic Sense*, p. 327

Another recent American device to abolish the confidence limitation on bank credit is “deposit insurance,” whereby the government guarantees to furnish paper money to redeem the banks’ demand liabilities. These and similar devices remove the market brakes on rampant credit expansion.

*Man, Economy, and State with Power and Market*, p. 1014

## DEVELOPMENT

The backward countries may send engineers aplenty to absorb “American know-how,” but this will not bring to these countries the great amount of investment needed to raise their standard of living appreciably. What they need, in short, is saving: this is the factor limiting investment.

*America’s Great Depression*, p. 71

Capital is the product of human energy and land ... and time. The time-block is the reason that people must abstain from consumption, and save. Laboriously, these savings are invested in capital goods. We are further along the road to a high standard of living than India or China because we and our ancestors have saved and

invested in capital goods, building up a great structure of capital. India and China, too, could achieve our living standards after years of saving and investment.

*Economic Controversies*, p. 577

... all late-developing countries borrow technology from the existing industrialized countries. ... So what? The important point for economic development is not technology anyway, but the saving and investment of capital.

*Libertarian Forum v. 1*, p. 380

What is lacking in these countries is not knowledge of Western technological methods ("know-how"); that is learned easily enough. The service of imparting knowledge, in person or in book form, can be paid for readily. What is lacking is the supply of saved capital needed to put the advanced methods into effect. The Wage rates are low in many foreign countries because capital equipment is small and technology is primitive.

*Making Economic Sense*, p. 18

The root of famine lies not in the gods or in the stars but in the actions of man. ...

... The answer to famine is to liberate the peasantry of the Third World from the brutality and exploitation of the State ruling class. The answers to famine are private property and free markets.

*Making Economic Sense*, pp. 85–86

The world, even the Third World, does not suffer from too many people, or from excessive population growth. (Indeed, the rate of world population growth, although not yet its absolute numbers, is already declining.) The Third World suffers from a lack of economic development due to its lack of rights of private property, its government-imposed production controls, and its acceptance of government foreign aid that squeezes out private investment. The result is too little productive savings, investment, entrepreneurship, and market opportunity.

*Making Economic Sense*, p. 153



... the only thing we can do for the impoverished Second and Third Worlds — is to tell them: look, here is how we became prosperous: by defending the rights of private property and free exchange, by allowing people to save and invest and keep their earnings. If you want to prosper, follow our forefathers: privatize and deregulate. Get your government off your backs and out of your lives.

*Making Economic Sense*, p. 406

African peasant will gain little from looking at pictures of American tractors; what he lacks is the saved capital needed to purchase them. That is the important limit on his investment and on his production.

*Man, Economy, and State with Power and Market*, p. 542

An underdeveloped country can grow only in the same ways as a more advanced country: largely via capital investment.

*Man, Economy, and State with Power and Market*, p. 970

The absence of famine in capitalist society is not a providential coincidence.

*Man, Economy, and State with Power and Market*, p. 1316

The poor country can best progress by permitting private enterprise and investment to function and by allowing natives and foreigners to invest there unhampered and unmolested.

*Man, Economy, and State with Power and Market*, p. 1335

Man progresses not by doggedly climbing over obstacles but by eliminating them!

*Rothbard vs. the Philosophers*, p. 56

The primitive world is — indeed all worlds before the Industrial Revolution were — constantly racked by famine and by plague. ... Famine emerges from a lack of interlocal trade; when one locality's food crop fails, ... the bulk of the people starve. It is precisely the permeation of the free market throughout the world that has virtually ended this scourge of famine by permitting trade between areas.

*Rothbard vs. the Philosophers*, pp. 125–26

... the one important item in raising the living standards of the undeveloped countries — the crucial item — is an increase in the quantity of per-capita capital invested ...

*Strictly Confidential*, p. 302

## DISTRIBUTION

... there are no laws of macro-income distribution. Economics only establishes “micro”-laws determining price, including the prices of the various factors of production. ...

... on the market there is no separate “distribution” of income process, as there indeed would be under a state-controlled, or socialist economy. “Distribution” is the indirect consequence of free production, exchange, and price determination.

*Classical Economics*, p. 93

There is no distributional process apart from the production and exchange processes of the market; hence the very concept of “distribution” becomes meaningless on the free market.

*Economic Controversies*, p. 321

There is no separate “distribution”; there is only production and its corollary, exchange.

*Man, Economy, and State with Power and Market*, p. 477

There is no separation between production and distribution, and it is completely erroneous for writers to treat the productive system as if producers dump their product onto some stockpile, to be later “distributed” in some way to the people in the society. “Distribution” is only the other side of the coin of production on the market.

*Man, Economy, and State with Power and Market*, p. 623

There is no distributional process apart from the production and exchange of the market; hence, the very concept of “distribution” as something separate becomes meaningless.

*Man, Economy, and State with Power and Market*, p. 1155

## DIVISION OF LABOR

... the crucial specialization of labor is not simply within a factory (as in Smith's famous pin factory) but ranges over the entire economy, and forms the basis for all exchange between producers.

*Classical Economics*, p. 23

The eradication of the division of labor would quickly bring starvation and economic misery to all. The abolition of all structures of human interrelation would bring enormous social and spiritual depravation to every person.

*Classical Economics*, p. 332

All of us reap the benefits of the social division of labor, and the capital invested by our ancestors.

*Economic Controversies*, p. 582

No one can fully develop his powers in any direction without engaging in specialization. ... the developing division of labor is a key to the advance of any economy above the most primitive level. A necessary condition for any sort of developed economy, the division of labor is also requisite to the development of any sort of civilized society. ... Without the opportunity to specialize in whatever he can do best, no person can develop his powers to the full; no man, then, could be fully human.

*Economic Controversies*, p. 603

... specialization is grounded in basic human nature ...

*Economic Thought Before Adam Smith*, p. 11

... the extent of the division of labor in society is necessarily limited by the extent of the market for the products.

*Economic Thought Before Adam Smith*, p. 13

The division of labor is a key to the preservation of human life ...

*Economic Thought Before Adam Smith*, p. 421

One of the most important facts about human nature is the great diversity among individuals. Of course, there are certain broad characteristics, physical and mental, which are common to all human beings. But more than any other species, individual men are distinct and separate individuals. Not only is each fingerprint unique, each personality is unique as well. Each person is unique in his tastes, interests, abilities, and chosen activities. Animal activities, routine and guided by instinct, tend to be uniform and alike. But human individuals, despite similarities in ends and values, despite mutual influences, tend to express the unique imprint of the individual's own personality. The development of individual variety tends to be both the cause and the effect of the progress of civilization. As civilization progresses, there is more opportunity for the development of a person's reasoning and tastes in a growing variety of fields. And from such opportunities come the advancement of knowledge and progress which in turn add to the society's civilization.

*Education: Free and Compulsory*, pp. 4–5

... the division of labor — a system absolutely crucial to the survival of man in the age of mass population as well as to the full development of the faculties and abilities of every man.

*Libertarian Forum v. 1*, p. 197

... specialization by each individual may have occurred for any one of three different reasons or any combination of the three: (a) differences in suitability and yield of the nature-given factors; (b) differences in given capital and durable consumers' goods; and (c) differences in skill and in the desirability of different types of labor.

*Man, Economy, and State with Power and Market*, p. 95

Exchange, a productive process for both participants, implies specialization of production, or division of labor.

... the very fact of exchange and the division of labor implies that it must be more productive for all concerned than isolated, autistic labor.

*Man, Economy, and State with Power and Market*, p. 96

... full-time specialization in a line of production is likely to improve each person's productivity in that line and intensify the relative superiority of each.

*Man, Economy, and State with Power and Market*, p. 97

... in explaining the origins of society, there is no need to conjure up any mystic communion or "sense of belonging" among individuals. Individuals recognize, through the use of reason, the advantages of exchange resulting from the higher productivity of the division of labor, and they proceed to follow this advantageous course.

*Man, Economy, and State with Power and Market*, p. 100

... in a world of voluntary social cooperation through mutually beneficial exchanges, where one man's gain is another man's gain, it is obvious that great scope is provided for the development of social sympathy and human friendships. It is the peaceful, co-operative society that creates favorable conditions for feelings of friendship among men.

... the social relations formed by the division of labor tend to be permanent as individuals specialize in different tasks and continue to produce in those fields.

*Man, Economy, and State with Power and Market*, p. 101

... the division of labor on a market increases productivity ...

*Man, Economy, and State with Power and Market*, p. 187

## DRUGS

... outlawing something because it may harm the user leads straight down the logical garden path to our totalitarian cage ...

*For a New Liberty*, p. 136

There is, of course, a very strong connection between addiction and crime, but the connection is the reverse of any argument for prohibition. Crimes are committed by addicts driven to theft by the high price of drugs caused by the outlawry itself! If narcotics were legal, the supply would greatly increase, the high costs of

black markets and police payoffs would disappear, and the price would be low enough to eliminate most addict-caused crime.

*For a New Liberty*, p. 136

The libertarian case for legalization of anything has nothing whatever to do with whether it is harmful or not. The libertarian maintains that it is up to each individual to run his own life ...

... calling for the legalization of anything never implies for the libertarian any sort of advocacy of the thing itself. The libertarian, for example, favors the legalization of gambling, not because we advocate gambling as a good thing, but because this is part of every person's right to order his own life in his own way.

There is an excellent way, I submit, to make the libertarian position crystal clear in the case of marijuana; it is a way, furthermore, that will extend the emphasis of the libertarian position itself. And that way is always to link marijuana with heroin. For no one says that heroin is harmless; and, what is more no one is running around the country advocating the "philosophy" of taking heroin as a method of "greening" or of "expanding one's consciousness." Every thinking person hates and reviles heroin. So therefore if we always link our advocacy of legalization of the two drugs there will be no possible confusion or implication that we favor pot for its own sake, and, furthermore, the idea of legalizing heroin would also be advanced at the same time. If someone asks us whether we favor legalizing pot, let us therefore always answer: "Yes, and heroin too, and for the same reason." Let the special pleaders wince though they may.

*Libertarian Forum v. 1*, p. 339

... the minimum drinking law is not only monstrous and despotic, it is almost impossible to enforce.

*Libertarian Forum v. 2*, p. 1182

... the general drunken driving laws are deeply flawed as well. ...

... there should be no penalties whatever on drinking, on the sale or purchase of liquor, or on driving while drunk, regardless of age or gender. On the other hand, if someone actually causes a real, honest-to-God accident, then penalties can and should be levied, based, for example, on the degree of voluntariness in causing the damage,

and certainly the imbibing of alcohol, contrary to the blatherings of determinists, is a voluntary act. It is there, after an accident, after damages have been committed, that penalties or punishment can come into play. Anything else is simply a criminal invasion of the rights of the innocent, of those who have not committed a crime or damages.

*Libertarian v. 2*, p. 1182

Government outlawing of narcotics addiction greatly raises the price of narcotics, driving addicts to crime to obtain the money.

*Man, Economy, and State with Power and Market*, p. 1368

## ECONOMETRICS

... the very concept of “variable” used so frequently in econometrics is illegitimate, for physics is able to arrive at laws only by discovering constants. The concept of “variable” only makes sense if there are some things that are not variable, but constant. Yet in human action, free will precludes any quantitative constants ...

*Economic Controversies*, p. 13

Econometrics not only attempts to ape the natural sciences by using complex heterogeneous historical facts as if they were repeatable homogeneous laboratory facts; it also squeezes the qualitative complexity of each event into a quantitative number and then compounds the fallacy by acting as if these quantitative relations remain constant in human history.

*Economic Controversies*, pp. 74–75

While the analytic merits of macro concepts, input-output analysis and econometrics are highly dubious at best, they are surely worse than nothing if the numbers are incorrect.

*Economic Thought Before Adam Smith*, p. 376

... the recent conquest of mathematical economics by econometrics is a sign of recognition that pure mathematical theory in economics is sterile.

*Man, Economy, and State with Power and Market*, p. liv

The pretensions of econometricians and other “model-builders” that they can precisely forecast the economy will always founder on the simple but devastating query: “If you can forecast so well, why are you not doing so on the stock market, where accurate forecasting reaps such rich rewards?” It is beside the point to dismiss such a query — as many have done — by calling it “anti-intellectual”; for this is precisely the acid test of the would-be economic oracle.

*Man, Economy, and State with Power and Market*, p. 1358

## ECONOMIC CALCULATION

The economic calculation made possible by money and the invention of double-entry bookkeeping in the capitalist market, enabled action toward the maximizing of money profit and income, and thereby toward the most efficient realization of man’s ends. In this way, maximization of profit under capitalism is accomplished by following the economic principle or principle of economic rationality, a principle enabling the maximum degree of realization of one’s ends per given outlay, as well as the minimal outlay of means for a given degree of realization of one’s ends.

*Economic Controversies*, pp. 802–03

Only genuinely private firms, private owners of the means of production, can be truly responsive to profit-and-loss incentives. And moreover, the only genuine price system, reflecting costs and profit opportunities, arises from actual markets — from buying and selling by private owners of property.

*Making Economic Sense*, p. 424

It is true that such estimates are not precise. The estimates of what he would have received can never be wholly accurate. But this tool of *ex post* calculation is an indispensable one. It is the only way by which a man can guide his *ex ante* decisions, his future actions.

*Man, Economy, and State with Power and Market*, p. 607

... without an external market for wage rates, rents, and interest, there would be no rational way for entrepreneurs to allocate factors



in accordance with the wishes of the consumers. No one would know where he could allocate his land or his labor to provide the maximum monetary gains. No entrepreneur would know how to arrange factors in their most value-productive combinations to earn the greatest profit. There could be no efficiency in production because the requisite knowledge would be lacking. The productive system would be in complete chaos ...

*Man, Economy, and State with Power and Market*, p. 608

Economic calculation becomes ever more important as the market economy develops and progresses, as the stages and the complexities of type and variety of capital goods increase. Ever more important for the maintenance of an advanced economy, then, is the preservation of markets for all the capital and other producers' goods.

*Man, Economy, and State with Power and Market*, p. 614

... business accounting is traditionally geared to a world where the value of the monetary unit is stable.

*Man, Economy, and State with Power and Market*, p. 993

... the market permits the ingenious device of capitalist calculation, a calculation necessary to the efficient and productive allocation of the factors of production.

*Man, Economy, and State with Power and Market*, pp. 1363–64

Only the establishment of money-prices on the market allows the development of a civilized economy, for only they permit businessmen to calculate economically. Businessmen can now judge how well they are satisfying consumer demands by seeing how the selling-prices of their products compare with the prices they have to pay productive factors (their "costs"). Since all these prices are expressed in terms of money, the businessmen can determine whether they are making profits or losses. Such calculations guide businessmen, laborers, and landowners in their search for monetary income on the market. Only such calculations can allocate

resources to their most productive uses — to those uses that will most satisfy the demands of consumers.

*What Has Government Done to Our Money?*, p. 11

... accounting practice enters the “cost” of an asset at the amount the business has paid for it. But if inflation intervenes, the cost of replacing the asset when it wears out will be far greater than that recorded on the books. As a result, business accounting will seriously overstate their profits during inflation — and may even consume capital while presumably increasing their investments.

*What Has Government Done to Our Money?*, pp. 52–53

## ECONOMIC GROWTH

... economic development takes place through greater investment in more roundabout processes of production ... investment is the result of greater net savings brought about by a general fall in rates of time-preference.

*Economic Controversies*, p. 268

... there [is] a causal connection between freedom and economic growth. For it is precisely freedom, the absence or limitation of interpersonal restrictions or interference, that sets the stage for economic growth and hence of the market economy and the developed division of labor.

*Economic Controversies*, p. 605

Economic growth comes about largely as the result of falling rates of time-preference, which lead to an increase in the proportion of saving and investment to consumption, and also to a falling rate of interest.

*Economic Depressions: Their Cause and Cure*, p. 32

Economic growth comes about largely as the result of falling rates of time preference, which bring about an increase in the proportion of saving and investment to consumption, as well as a falling rate of interest.

*For a New Liberty*, pp. 233–34

We need growth, higher living standards, and a technology and capital equipment that meet consumer wants and demands; but we can only achieve these by removing the incubus of statism and allowing the energies of all of the population to express themselves in the free-market economy. We need an economic and technological growth that emerges freely ...

*For a New Liberty*, p. 307

Economic “efficiency” and “economic growth” are not goods in themselves, nor do they exist for their own sake. The relevant questions always are: “efficiency” in pursuit of what, or whose values? “Growth” for what?

*Making Economic Sense*, p. 165

... in a progressing economy, i.e., in an economy with increases in gross savings and investment, money wages and ground rents may well fall, but real wages and rents will rise.

*Man, Economy, and State with Power and Market*, p. 526

Amidst all the interest in growth, there are many grave problems which have hardly been touched upon. First and foremost is the simple query: “What is so good about growth?” The economists, discoursing scientifically about growth, have illegitimately smuggled an ethical judgment into their science — an ethical judgment that remains unanalyzed, as if it were self-evident. But why should growth be the highest value for which we can strive? What is the ethical justification?

*Man, Economy, and State with Power and Market*, p. 962

... the only viable way to growth is through increased saving and investment.

*Man, Economy, and State with Power and Market*, p. 963

... government intervention can never raise society’s rate of “growth.” For when individuals act freely on the market, every one of their actions benefits everyone, and so growth is truly “social,” i.e., participated in by everyone in the society. But when

government acts to force growth, it is only some who grow at the expense of the retrogression of others. The *Wertfrei* economist is therefore not permitted to say that “society” grows at all.

*Man, Economy, and State with Power and Market*, p. 964

Compulsory growth will not benefit the whole of society as will freely chosen growth, and it is therefore not “social growth”; some will gain — and gain at some distant date — at the expense of the retrogression of others.

*Man, Economy, and State with Power and Market*, p. 969

... improved standards of living come to the public from the fruits of capital investment. Increased productivity tends to lower prices (and costs) and thereby distribute the fruits of free enterprise to all the public, raising the standard of living of all consumers. Forcible propping up of the price level prevents this spread of higher living standards.

*What Has Government Done to Our Money?*, p. 32

## ECONOMICS

Political economy deals with general facts or laws ...

*Classical Economics*, p. 13

... political economy is not to be considered, as had Smith and the classicals, a study of wealth; it is instead a study of human exchanges.

*Classical Economics*, p. 120

... the laws of the political economist are certain ...

*Economic Controversies*, p. 45

... economic science *per se* cannot establish ethical statements. ... If prosperity vs. poverty, for example, are political alternatives, economic science cannot decide between them; it simply presents the truth about the consequences of each alternative political decision.

As citizens, we take these truths into account when we make our politico-ethical decisions.

*Economic Controversies*, p. 313

... there is only one economy and therefore only one integrated economic theory.

*Economic Depressions: Their Cause and Cure*, p. 15

... economics can and has proceeded in contentious, even zig-zag fashion, with later systemic fallacy sometimes elbowing aside earlier but sounder paradigms, thereby redirecting economic thought down a total erroneous or even tragic path. The overall path of economics may be up, or it may be down, over any given time period.

... important economic knowledge has been lost over time ...

*Economic Thought Before Adam Smith*, p. x

The term “economics” is Greek, stemming from the Greek *oikonomia*, but *oikonomia* means not economics in our sense but “household management” ...

*Economic Thought Before Adam Smith*, p. 8

The essence of philosophic thought is that it penetrates the *ad hoc* vagaries of day-to-day life in order to arrive at truths that transcend the daily accidents of time and place. Philosophy arrives at truths about the world and about human life that are absolute, universal and eternal — at least while the world and humanity last. It arrives, in short, at a system of natural laws. But economic analysis is a subset of such investigation, because genuine economic theory can only advance beyond shifting day-to-day events by penetrating truths about human action which are absolute, unchanging and eternal, which are unaffected by changes of time and place. Economic thought, at least correct economic thought, is itself a subset of natural laws in its own branch of investigation.

*Economic Thought Before Adam Smith*, p. 19

It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a “dismal science.” But it is totally irresponsible to have a loud and

vociferous opinion on economic subjects while remaining in this state of ignorance.

*Egalitarianism as a Revolt Against Nature*, p. 202

... economics has been a notoriously contentious science — and yet few people advocate tossing all economics therefore into the discard.

*Ethics of Liberty*, p. 10

... while praxeological economic theory is extremely useful for providing data and knowledge for framing economic policy, it cannot be sufficient by itself to enable the economist to make any value pronouncements or to advocate any public policy whatsoever.

*Ethics of Liberty*, p. 214

... economics does not propound any laws about the content of man's ends. ... the truths of economic theory involve the formal relations between ends and means, and not their specific contents.

*Man, Economy, and State with Power and Market*, p. 72

Economics is a subdivision of praxeology — so far the only fully elaborated subdivision. With praxeology as the general, formal theory of human action, economics includes the analysis of the action of an isolated individual (Crusoe economics) and, especially elaborate, the analysis of interpersonal exchange (catallactics).

*Man, Economy, and State with Power and Market*, p. 74

... economics deals with the universal aspects of real action, not with the actors' inner psychological workings.

*Man, Economy, and State with Power and Market*, p. 260

Economics is not concerned with the specific content of these ends, but with the explanation of various phenomena of action based on any given ends, and therefore its task in this sphere is fully accomplished by tracing these phenomena back to subjective valuations of useful goods.

*Man, Economy, and State with Power and Market*, pp. 275–76

Economics cannot itself decide on ethical judgments. But in order for anyone to make ethical judgments rationally, he must know the consequences of his various alternative courses of action.

*Man, Economy, and State with Power and Market*, p. 713

It is impossible for economics to predict the details of the structure of any market.

*Man, Economy, and State with Power and Market*, p. 799

Economics is praxeological, i.e., its propositions are absolutely true given the existence of the axioms — the basic axiom being the existence of human action itself.

*Man, Economy, and State with Power and Market*, pp. 865–66

The hidden order, harmony, and efficiency of the voluntary free market, the hidden disorder, conflict, and gross inefficiency of coercion and intervention — these are the great truths that economic science, through deductive analysis from self-evident axioms, reveals to us.

*Man, Economy, and State with Power and Market*, p. 1025

... economics — or praxeology — cannot by itself suffice to establish an ethical, or politico-ethical, doctrine. Economics *per se* is therefore a *Wertfrei* science, which does not engage in ethical judgments.

*Man, Economy, and State with Power and Market*, p. 1029

... economics can establish no ethical principles by itself ... importation of ethics must be grounded on a consistent, coherent set of ethical principles, and not simply be slipped in *ad hoc* in the spirit of “well, everyone must agree to this. ...”

*Man, Economy, and State with Power and Market*, p. 1215

The laws of economics apply whatever the particular level of the economy.

*Man, Economy, and State with Power and Market*, p. 1335

... economics cannot by itself establish ethical judgments, and it can and should be developed in a *Wertfrei* manner.

*Man, Economy, and State with Power and Market*, p. 1360

... deductive economic theory proved to be a mighty bulwark against government intervention. For, basically, economic theory showed the harmony and order inherent in the free market, as well as the counterproductive distortions and economic shackles imposed by state intervention. In order for statism to dominate the economics profession, then, it was important to discredit deductive theory. One of the most important ways of doing so was to advance the notion that, to be “genuinely scientific,” economics had to eschew generalization and deductive laws and simply engage in empirical inquiry into the facts of history and historical institutions, hoping that somehow laws would eventually arise from these detailed investigations.

*Progressive Era*, p. 429

... economics is neutral to ethics ...

*Rothbard vs. the Philosophers*, p. 111

The crucial economic question, and one of the most important social questions, is the allocation of resources: where should the various and numerous productive factors: land, labor, or capital, be allocated, and how much of each type to each use? This is the “economic problem,” and all social questions must deal with it.

*Science, Technology, and Government*, p. 15

## ECONOMISTS

... it is impermissible for the economist *qua* economist to make any ethical or value pronouncements or to advocate any social or political policy whatsoever.

*Economic Controversies*, p. 84

... the economist who lacks an ethical system must refrain from any and all value-loaded or political conclusions.

*Economic Controversies*, p. 242



The proportion of believers in *laissez-faire* is much greater among economists than in other academic disciplines, and that the “average” point on the ideological spectrum in economics is considerably “to the right” of the average in other fields of study. It appears that the economic discipline, *per se*, imposes a rightward shift in ideological belief.

*Economic Controversies*, p. 345

... the free-market economist must have some sort of theory of justice in property rights ...

... the economist cannot escape a judgment, a theory of justice in the ownership of property.

*Economic Controversies*, p. 348

... if an economist offers a value judgment or advocates policy, it is incumbent upon him to offer, stand upon and defend an ethical system from which the judgment or policy can be deduced. Anything less is arbitrary, unscientific and illegitimate, and simply amounts to the arbitrary imposition of an economist’s personal set of values upon society. In that case, the economist simply becomes a propagandist, not of a defensible ethical system, but of his own unsupported caprice.

*Economic Controversies*, pp. 924–25

The libertarian economist can try to offer a few guidelines on how markets might develop where they are now prevented or restricted from developing; but he can do little more than point the way toward freedom, to call for government to get out of the way ...

*For a New Liberty*, p. 242

It is a wonder that the public doesn’t dismiss the entire guild of economists and financial experts (let alone the politicians) as a bunch of fools and charlatans.

*Making Economic Sense*, p. 169

... you don’t need an economist to tell you whether you’ve been in a recession. ...

... If you want to know whether we're in a recession, the last people to approach is the organized economics profession.

*Making Economic Sense*, p. 259

The average person knows when we're in a recession long before economists do. ...

The average person knows we're in a recession long after the economists proclaimed "recovery."

*Making Economic Sense*, p. 266

The consumer who purchases directly enjoyable services does not have to be enlightened by economists; he needs no lengthy chain of reasoning to know that his clothing or car or food is enjoyable or serviceable. He can see each perform its service before his eyes. Similarly, the capitalist-entrepreneur does not need the economist to tell him what acts will be profitable or unprofitable. He can see and test them by means of his profits or losses.

*Man, Economy, and State with Power and Market*, p. 712

The political economist, in fact, is indispensable to any citizen who frames ethical judgments in politics. Economics can never by itself supply ethical dicta, but it does furnish existential laws that cannot be ignored by anyone framing ethical conclusions ...

*Man, Economy, and State with Power and Market*, p. 1360

... the economist *qua* economist must be *Wertfrei* ...

*Man, Economy, and State with Power and Market*, p. 1363

The common charge against sound, free-enterprise economists that they are "apologists for business interests" is invested with a good deal of truth.

*Strictly Confidential*, p. 205

... the sound, free-enterprise economist is not simply in favor of business, or big business; he only favors them insofar as their actions are made on the free market. Insofar as they lobby for subsidies (direct and indirect) for themselves at the expense of raids on

the taxpayer and crippling of their competitors, the sound economist must oppose them, and the sound historian exposes them.

*Strictly Confidential*, p. 207

## EDUCATION

... universal education has in fact led to a general degradation of cultural and educational standards.

*Economic Controversies*, p. 566

The overwhelmingly important feature of the growing-up process is mental, the development of mental powers, or perception and reason.

*Education: Free and Compulsory*, p. 1

... a person acquires his education in all activities of his childhood; all his waking hours are spent in learning in one form or another. It is clearly absurd to limit the term “education” to a person’s formal schooling. He is learning all the time. He learns and forms ideas about other people, their desires, and actions to achieve them, the world and the natural laws that govern it; and his own ends, and how to achieve them. He formulates ideas on the nature of man, and what his own and others’ ends should be in light of this nature. This is a continual process, and it is obvious that formal schooling constitutes only an item in this process.

In a fundamental sense, as a matter of fact, everyone is “self-educated.”

*Education: Free and Compulsory*, p. 2

... for each person to be “educated,” to develop his faculties to the fullest, he needs freedom for this development.

*Education: Free and Compulsory*, p. 10

... since the State began to control education, its evident tendency has been more and more to act in such a manner as to promote repression and hindrance of education, rather than the true development of the individual. Its tendency has been for compulsion,

for enforced equality at the lowest level, for the watering down of the subject and even the abandonment of all formal teaching, for the inculcation of obedience to the State and to the “group,” rather than the development of self-independence, for the deprecation of intellectual subjects.

*Education: Free and Compulsory*, p. 12

By enforcing certification for minimum standards, the State effectively, though subtly, dominates the private schools and makes them, in effect, extensions of the public school system. Only removal of compulsory schooling and enforced standards will free the private schools and permit them to function in independence.

*Education: Free and Compulsory*, p. 16

One of the best ways of regarding the problem of compulsory education is to think of the almost exact analogy in the area of that other great educational medium — the newspaper. What would we think of a proposal for the government, Federal or State, to use the taxpayers’ money to set up a nationwide chain of public newspapers, and compel all people, or all children, to read them? What would we think furthermore of the government’s outlawing all other newspapers, or indeed outlawing all newspapers that do not come up to the “standards” of what a government commission thinks children ought to read? Such a proposal would be generally regarded with horror in America, and yet this is exactly the sort of regime that the government has established in the sphere of scholastic instruction.

Compulsory public presses would be considered an invasion of the basic freedom of the press; yet is not scholastic freedom at least as important as press freedom? Aren’t both vital media for public information and education, for free inquiry and the search for truth? It is clear that the suppression of free instruction should be regarded with even greater horror than suppression of free press, since here the unformed minds of children are involved.

*Education: Free and Compulsory*, pp. 17–18

The system of compulsory state education has been used as a terrible weapon in the hands of governments to impose certain

languages and to destroy the languages of various national and linguistic groups within their borders.

*Education: Free and Compulsory*, p. 27

To insure the dominance of the new statism over public opinion, to insure that the public's consent would be engineered, the governments of the Western world in the late nineteenth and early twentieth centuries moved to seize control over education, over the minds of men: over the universities and over general education through compulsory school attendance laws and a network of public schools. The public schools were consciously used to inculcate obedience to the State as well as other civic virtues among their young charges. Furthermore, this statizing of education insured that one of the biggest vested interests in expanding statism would be the nation's teachers and professional educationists.

*For a New Liberty*, pp. 14–15

... the entire mass of the population has thus been coerced by the government into spending a large portion of the most impressionable years of their lives in public institutions.

*For a New Liberty*, p. 145

A crucial fallacy of the middle-class school worshippers is confusion between formal schooling and education in general. Education is a lifelong process of learning, and learning takes place not only in school, but in all areas of life. When the child plays, or listens to parents or friends, or reads a newspaper, or works at a job, he or she is becoming educated. Formal schooling is only a small part of the educational process ...

*For a New Liberty*, pp. 146–147

Abolish compulsory attendance laws and give children their head, and we will return to a nation of people far more productive, interested, creative, and happy.

*For a New Liberty*, p. 147

Instead of allowing those children with the needed aptitude and ability to go to school, all children are being coerced into schools for their own supposed good, and the result is a distortion of the lives of those not suited for school and the wrecking of proper schooling for the truly educable.

*For a New Liberty*, p. 148

... the very nature of the public school requires the imposition of uniformity and the stamping out of diversity and individuality in education.

*For a New Liberty*, p. 154

The more that education becomes public, the more will parents and children be deprived of the education they feel they need. The more that education becomes public, the more will heavy-handed uniformity stamp out the needs and desires of individuals and minorities.

*For a New Liberty*, p. 155

If education were strictly private, then each and every group of parents could and would patronize its own kind of school. A host of diverse schools would spring up to meet the varied structure of educational demands by parents and children.

*For a New Liberty*, p. 156

What the libertarian is calling for, then, is not as *outré* as it might at first appear; what he is calling for is a school system as free and varied as most other educational media are today.

*For a New Liberty*, p. 157

A compulsory public press would rightly be considered an invasion of the basic freedom of the press; is not scholastic freedom at least as important as press freedom? Aren't both vital media for public information and education, for free inquiry and search for the truth? In fact, the suppression of free schooling should be regarded with even greater horror than the suppression of a free

press, since here the tender and unformed minds of children are more directly involved.

*For a New Liberty*, p. 157

... the operation of district public schools inevitably results in the negation of the very egalitarian goal which is supposed to be a major aim of the public school system in the first place.

*For a New Liberty*, p. 161

The libertarian prescription for our educational mess can, then, be summed up simply: Get the government out of the educational process.

*For a New Liberty*, p. 173

It is not only necessary to educate others; continual self-education is also (and equally) necessary.

*For a New Liberty*, p. 374

Public schools are expensive and massive centers for cultural and ideological brainwashing ... Truly radical change is needed to shift education from public to unregulated private schooling ...

*Irrepressible Rothbard*, p. 31

... get the State out of the family; and replace State control with parental control. In the long run, this means ending public schools, and replacing them with private schools.

*Irrepressible Rothbard*, p. 41

There is no doubt about the ultimate libertarian position on the public school question: it is to abolish that monstrous system root and branch, and return education to the total control, management, and choice of the parents. Another plank in the libertarian program is to abolish the despotism of compulsory school laws, which dragoons kids into either the public school system itself or into private schools duly certified and approved by the State.

*Irrepressible Rothbard*, p. 73

If the government educates, it is bound to educate for its goals and indoctrinate in its values.

*Left and Right*, p. 374

The public-school system ... is a vast prison-house and chain-gang for the nation's youth. The compulsory attendance laws force all of the youth of the country, regardless of their talents or inclinations, into this vast prison-system ...

*Left and Right*, p. 496

... it is only the libertarians who have the answer that can cut through and resolve the numerous conflicts around bussing, textbooks, religion, sex, etc., that are rife in the public schools. And that answer, of course, is to abolish the public school system root and branch, and thereby to allow any groups of parents and students to have the schools, integrated or segregated, Fundamentalist or atheist, disciplined or permissive, that they respectively and individually prefer.

*Libertarian Forum v. 1*, p. 527

The education disaster in this country has been largely created by the massive federal funds and controls that have already fastened a gigantic educational bureaucracy on the American people, and have gone a long way toward taking control of our children out of the hands of parents and putting it into the maw of the State.

*Making Economic Sense*, p. 80

One problem with public schools inheres in every government operation: that being fueled by coercion rather than by the free market, the system will be grossly inefficient. But while inefficiency on a free market will fail the profit-and-loss test and force cutbacks, governmental inefficiency will only lead to accelerated waste. The tax system and lobbying by vested interests causes the system to grow like Topsy, or rather like a cancer on the civil society.

*Making Economic Sense*, p. 157



Governmental schooling is bound to be biased in favor of statism

...

*Making Economic Sense*, p. 157

... all public schools are unnecessary and replaceable ...

*Making Economic Sense*, p. 158

... government schooling permits the influencing of the youthful mind to accept the virtues of the government under which it lives and of the principle of government intervention. ... And if government ownership is good and even preferable in schooling, why not for other educational media, e.g., newspapers — or for other important social services?

*Man, Economy, and State with Power and Market*, p. 955

The expansion of compulsory public schooling stemmed from the growth of collectivist and anti-individualist ideology among intellectuals and educationists. The individual, these “progressives” believed, must be molded by the educational process to conform to the group, which in practice meant the dictates of the power elite speaking in the group’s name. Historians have long been aware of this process.

*Progressive Era*, p. 319

... the entire philosophy of public education in this country needs an overhauling. ... we must abandon the mind-crippling “life adjustment” philosophy of our schools, which rather indoctrinates children in “group adjustment” than equips them with the mental skills and disciplines of science or any other intellectual subject. Our schools must once again regard it as their basic function to teach subjects, to encourage the rapid maturation of bright young minds. The present educational structure drags all the students down to the level of the lowest common denominator, passes all students, teaches rubbish rather than subject disciplines, and allows hooligans to widen their “self-expression” by tormenting and distracting those eager to learn — all in the name of “democracy.”

*Science, Technology, and Government*, pp. 37–38

## EFFICIENCY

“Efficiency,” in contrast to “ethics” sounds unsentimental, hard-nosed and “scientific.” Yet extolling “efficiency” only pushes the ethical problem under the rug. For in whose interests, and at whose expense, shall social efficiency be pursued? In the name of a spurious science, “efficiency” often becomes a mask for exploitation, for plundering one set of people for the benefit of another.

*Classical Economics*, p. 63

... the concept of efficiency has no meaning apart from the pursuit of specified ends. ... efficiency is an erroneous concept even when applied to each individual’s actions directed toward his ends; it is *a fortiori* a meaningless concept when it includes more than one individual, let alone an entire society.

*Economic Controversies*, p. 253

... we cannot decide on public policy, tort law, rights, or liabilities on the basis of efficiencies or minimizing of costs. But if not costs or efficiency, then what? The answer is that only ethical principles can serve as criteria for our decisions. Efficiency can never serve as the basis for ethics; on the contrary, ethics must be the guide and touchstone for any consideration of efficiency. Ethics is the primary.

*Economic Controversies*, p. 260

## ELITES

When state rulers act, then, to use and aggrandize state power, their primary motivation is economic: to increase their plunder at the expense of the subject and the taxpayer. ...

... the ruling class, being small and largely specialized, is motivated to think about its economic interests twenty-four hours a day. ... But the majority has allowed itself to be misled largely because its immediate interests are generally diffuse and hard to observe, and because the majority comprises not professional “antistatists” but people going about their business of daily living.

*Conceived in Liberty* v. 3, pp. 352–53; pp. 1116–17

... the natural inequality of ability and of interest among men must make elites inevitable, the only sensible course is to abandon the chimera of equality and accept the universal necessity of leaders and followers.

*Economic Controversies*, p. 631

... the big danger is the elite, and not the masses ...

*Irrepressible Rothbard*, p. 7

... we live in a statist country and a statist world dominated by a ruling elite, consisting of a coalition of Big Government, Big Business, and various influential special interest groups. More specifically; the old America of individual liberty; private property; and minimal government has been replaced by a coalition of politicians and bureaucrats allied with, and even dominated by; powerful corporate and Old Money financial elites ...

*Irrepressible Rothbard*, p. 39

Both parties, the Republican as well as the Democrat, have long been run by an effectively bipartisan Big Government elite that is strongly opposed to the interests and the values, economic, moral, cultural, and religious, of the vast majority of the American people.

*Irrepressible Rothbard*, pp. 116–17

... we oppose not “aristocracies” or elites *per se* but “artificial,” coercive elites, men who achieve and wield power by means of aggressive violence and exploitation.

*Libertarian Forum v. 1*, p. 149

... no ruling elite in history has voluntarily surrendered its power on any grounds, much less on massive recognition of its own sins.

*Libertarian Forum v. 1*, p. 213

## EMPIRICISM

... economic theories cannot be “tested” by historical or statistical fact. These historical facts are complex and cannot, like the

controlled and isolable physical facts of the scientific laboratory, be used to test theory.

*America's Great Depression*, p. xxxviii

... statistics can prove nothing because they reflect the operation of numerous causal forces. ... Statistics can only record past events; they cannot describe possible but unrealized events.

*America's Great Depression*, p. 85

There can be no genuine laboratory experiments in human affairs.

*Case for a 100 Percent Gold Dollar*, p. 10

Specific empirical facts cannot give rise to or test theory ...

*Classical Economics*, p. 110

The physical sciences must rest on tentative hypotheses ...

*Classical Economics*, p. 150

... positivists, who always trumpet their method as being the only truly scientific and "empirical" one, turn out to be resting on run-away and uncorrectable false premises. On the other hand, and ironically, the praxeological method, which has long been accused of *a priori* mysticism, is the only one that bases theory on broadly known and deeply empirical — indeed universally true — premises!

Being universally true, the praxeological method provides complete and general laws rather than partial, and hence generally false, ones.

*Classical Economics*, p. 152

... there can be no controlled experiments in the social sciences ...

*Classical Economics*, p. 290

Scientism is the profoundly unscientific attempt to transfer uncritically the methodology of the physical sciences to the study of human action. Both fields of inquiry must, it is true, be studied by

the use of reason — the mind's identification of reality. But then it becomes crucially important, in reason, not to neglect the critical attribute of human action: that, alone in nature, human beings possess a rational consciousness. Stones, molecules, planets cannot choose their courses; their behavior is strictly and mechanically determined for them. Only human beings possess free will and consciousness: for they are conscious, and they can, and indeed must, choose their course of action. To ignore this primordial fact about the nature of man — to ignore his volition, his free will — is to misconstrue the facts of reality and therefore to be profoundly and radically unscientific.

*Economic Controversies*, p. 3

... it is highly inappropriate, and moreover question-begging, simply and uncritically to apply the model of physics to man.

*Economic Controversies*, p. 5

The laws of human action (economics and, more widely, “praxeology”) cannot be “tested” by reference to statistical or historical “data.” In the behavior of physical objects, science begins by empirical observation of constant relations, and then frames tentative hypotheses of explanatory laws, these hypotheses being always subject to testing and revision by referring their deduced consequents to controlled experiments, where all but the relevant, isolated factors are held constant. This is the “scientific method” of physics. But in the study of human action ... the facts of human history are not, as in physics, controllable and subject to testing; they are the complex and changing resultants of the interplay of human motives and actions, impinging on the natural environment and on each other. The laws of economic science, therefore, can only be constructed by starting with apodictically known axioms and deducing from them a body of necessarily true laws.

*Economic Controversies*, p. 26

There cannot be controlled experiments when we confront the real world of human activity.

*Economic Controversies*, p. 31

... if empirical success is the test, it is surely noteworthy that all the determined efforts of quantitative economists, econometricians, and social scientists have not been able to find one single quantitative constant in human affairs. The mathematical laws in the physical sciences contain numerous constants; but the imitative method in the social sciences is proven vain by the fact that not a single constant has ever emerged.

*Economic Controversies*, p. 37

... it is the praxeologist who is truly empirical because he recognizes the unique and heterogeneous nature of historical facts; it is the self-proclaimed “empiricist” who grossly violates the facts of history by attempting to reduce them to quantitative laws.

*Economic Controversies*, p. 75

All the positivist procedures are based on the physical sciences. It is physics that knows or can know its “facts” and can test its conclusions against these facts, while being completely ignorant of its ultimate assumptions. In the sciences of human action, on the other hand, it is impossible to test conclusions. There is no laboratory where facts can be isolated and controlled ...

*Economic Controversies*, pp. 104–05

Empiricism without theory is a shaky reed on which to build a case for freedom.

*Making Economic Sense*, p. 195

Empiricism has disintegrated economics to such an extent that no one thinks to look for a complete edifice; and, paradoxically, it has falsified economics ...

*Man, Economy, and State with Power and Market*, p. liv

Economics, therefore, is not and cannot be “empirical” in the positivist sense, i.e., it cannot establish some sort of empirical hypothesis which could or could not be true, and at best is only true approximately. Quantitative, empirico-historical “laws” are worthless in economics, since they may only be coincidences of

complex facts, and not isolable, repeatable laws which will hold true in the future.

*Man, Economy, and State with Power and Market*, p. 866

## ENTREPRENEUR

Entrepreneurs are largely in the business of forecasting. They must invest and pay costs in the present, in the expectation of recouping a profit by sale either to consumers or to other entrepreneurs further down in the economy's structure of production. The better entrepreneurs, with better judgment in forecasting consumer or other producer demands, make profits; the inefficient entrepreneurs suffer losses. The market, therefore, provides a training ground for the reward and expansion of successful, farsighted entrepreneurs and the weeding out of inefficient businessmen.

*America's Great Depression*, p. 8

... the entrepreneur is not passive but extremely active. He takes risks, and attempts to forecast the future; he grapples with uncertainty.

*Economic Controversies*, p. 179

... the entrepreneur harmoniously adjusts the economy in the direction of equilibrium. ... the entrepreneur is the main bearer of uncertainty in the real world, and successful entrepreneurs reap profits by bringing resources, costs, and prices further in the direction of equilibrium.

*Economic Controversies*, p. 270

... the key to the capitalist market economy and its successful functioning is the entrepreneurial forecasting and decision-making of private owners and investors.

*Economic Controversies*, p. 838

The entrepreneur is not simply "alert"; he forecasts; he appraises; he meets and bears risk and uncertainty by questing for profits and risking losses.

*Economic Controversies*, p. 847

The entrepreneur, the dynamic innovator, is after all the locus of individual ego and creativity, and is therefore the harbinger of often disturbing social change, as well as economic growth.

*Economic Thought Before Adam Smith*, pp. 7–8

The real-world marketplace is permeated by uncertainty, and it is the function of the businessman, the “undertaker,” the entrepreneur, to meet and bear that uncertainty by investing, paying expenses and then hoping for a profitable return. Profits, then, are a reward for successful forecasting, for successful uncertainty-bearing, in the process of production.

*Economic Thought Before Adam Smith*, p. 351

The entrepreneur is not the disrupter of equilibrium, the disturber of the peace as it were, but rather the person who leaps toward equilibrium by spotting maladjustments in the economy and taking steps to correct them.

*Libertarian Forum v. 1*, p. 255

... uncertainty factors enter into the actor’s decision in one way or the other. The delicate procedure of weighing all the various factors in the situation is a complex process that takes place in the mind of every actor according to his understanding of the situation. It is a decision depending purely on the individual judgment, the subjective estimates, of each actor. The “best” decision cannot be exactly, or quantitatively, decided upon in advance by objective methods. This process of forecasting the future conditions that will occur during the course of his action is one that must be engaged in by every actor. This necessity of guessing the course of the relevant conditions and their possible change during the forthcoming action is called the act of entrepreneurship. Thus, to some extent at least, every man is an entrepreneur.

*Man, Economy, and State with Power and Market*, p. 64

... the active entrepreneurial element in the real world is due to the presence of uncertainty.

*Man, Economy, and State with Power and Market*, p. 434



... the market tends to reward its efficient entrepreneurs and penalize its inefficient ones proportionately. In this way, consistently provident entrepreneurs see their capital and resources growing, while consistently imprudent ones find their resources dwindling. The former play a larger and larger role in the production process; the latter are forced to abandon entrepreneurship altogether.

*Man, Economy, and State with Power and Market*, pp. 515–16

The entrepreneur-capitalists take the risks of speculating on the uncertain market; their investment may result in profits, in breaking even with no profits at all, or in suffering outright losses. No one can guarantee profits to them.

*Man, Economy, and State with Power and Market*, p. 548

... the entrepreneur is the actor in relation to natural uncertainty  
...

*Man, Economy, and State with Power and Market*, p. 604

Entrepreneurship is the action on the market that takes advantage of estimated discrepancies between selling prices and buying prices of factors. The better forecasters make profits, and the incorrect ones suffer losses.

*Man, Economy, and State with Power and Market*, p. 677

... all entrepreneurs are engaged in anticipating the uncertain conditions of the market.

*Man, Economy, and State with Power and Market*, p. 848

... entrepreneurs are always seeking profit-making opportunities  
...

*Man, Economy, and State with Power and Market*, p. 857

Entrepreneurship is not just the founding of new firms, it is not merely innovation; it is adjustment: adjustment to the uncertain, changing conditions of the future.

*Man, Economy, and State with Power and Market*, p. 858

Successful entrepreneurs are those who best forecast the future.

*Man, Economy, and State with Power and Market*, p. 873

... entrepreneurial skills act only through investments ...

*Man, Economy, and State with Power and Market*, p. 963

... it is the entrepreneur's business to forecast, and he is rewarded for correct forecasting by profits.

*Man, Economy, and State with Power and Market*, p. 1125

Entrepreneurs with poor foresight are quickly expelled from their positions through losses.

*Man, Economy, and State with Power and Market*, p. 1125n55

## ENVIRONMENT

Men find themselves in a certain environment, or situation. It is this situation that the individual decides to change in some way in order to achieve his ends. But man can work only with the numerous elements that he finds in his environment, by rearranging them in order to bring about the satisfaction of his ends. With reference to any given act, the environment external to the individual may be divided into two parts: those elements which he believes he cannot control and must leave unchanged, and those which he can alter (or rather, thinks he can alter) to arrive at his ends. The former may be termed the general conditions of the action; the latter, the means used. Thus, the individual actor is faced with an environment that he would like to change in order to attain his ends. To act, he must have technological ideas about how to use some of the elements of the environment as means, as pathways, to arrive at his ends. Every act must therefore involve the employment of means by individual actors to attempt to arrive at certain desired ends. In the external environment, the general conditions cannot be the objects of any human action; only the means can be employed in action.

*Man, Economy, and State with Power and Market*, pp. 3–4

... an actor chooses means from his environment, in accordance with his ideas, to arrive at an expected end ...

*Man, Economy, and State with Power and Market*, p. 4

... natural events, however, are not *ex ante* relevant to human action, and therefore from the point of view of action this land is rightly considered as “permanent,” until the natural changes occur.

*Man, Economy, and State with Power and Market*, p. 485

Man must necessarily work within a given real environment of inherited land and durable capital.

*Man, Economy, and State with Power and Market*, p. 635

## ENVY

... envy is evil ...

*Economic Controversies*, p. 243

... envy can certainly not be eliminated even by enforced equality.

*Economic Controversies*, p. 565

... the socialist attempt to eliminate envy through egalitarianism can never hope to succeed.

*Economic Controversies*, p. 633

... the heart of socialism and communism is an overwhelming desire to eliminate envy by appeasing its aggressive appetites: by rendering everyone uniform and equal.

*Libertarian Forum v. 1*, p. 144

A person’s “envy,” unembodied in action, becomes pure moonshine from the praxeological point of view.

*Man, Economy, and State with Power and Market*, p. 1068

## EQUALITY

... the individualist must always be anti-egalitarian.

*Betrayal of the American Right*, p. 28

... there is no meaning to the term “equality” without some sort of definable unit ...

*Economic Controversies*, p. 315

... the egalitarians are arguing not for equal freedom but for equal slavery or equal robbery in the name of “fairness.”

*Economic Controversies*, p. 511

... infinite variety and inequality of talents among human beings makes the goal of egalitarianism absurd and antihuman, better suited to an ant-heap than to human society.

*Economic Controversies*, p. 565

It is an absurd and pernicious doctrine of “justice” that each child should “start” absolutely equally. It is an anti-human position, since each child manifestly begins completely unequally — with unequal abilities and parents. If parents have a right to beget and raise children without state interference, then parents have a concomitant right to provide that environment, and that amount of money for them, that they think best. To provide “equality of opportunity” in the sense of equality of infants would have to mean that the state nationalizes all infants and raises them in State nurseries under precisely “equal” conditions (although, even here, absolute equality is not possible).

*Economic Controversies*, p. 569

... enforced equality rests simply on envy ...

*Economic Controversies*, p. 571

... the ideal of human equality can only imply total uniformity and the utter stamping out of individuality.

*Economic Controversies*, p. 626

... only the specific equality of liberty — the older view of human equality — is compatible with the basic nature of man. Equality of condition would reduce humanity to an ant heap existence.

*Economic Controversies*, p. 627

... inequality [is] the condition that exists when every man is not identical to every other in all characteristics. It is evident that inequality flows inevitably out of specialization and the division of labor. Therefore, a free economy will lead not only to diversity of occupation, with one man a baker, another an actor, a third a civil engineer, etc., but specific inequalities will also emerge in monetary income and in status and scope of control within each occupation. Each person will, in the free-market economy, tend to earn a monetary income equal to the value placed upon his productive contribution in satisfying the desires and demands of the consumers.

*Economic Controversies*, p. 627

... inequality of income is the inevitable corollary of freedom ...

*Economic Controversies*, p. 628

It often happens with “egalitarians” that a hole, a special escape hatch from the drab uniformity of life, is created — for themselves.

*Economic Thought Before Adam Smith*, p. 156

With the development of civilization and individual diversity, there is less and less area of identical uniformity, and therefore less “equality.” Only robots on the assembly line or blades of grass can be considered as completely equal, as being identical with respect to all of their attributes. The fewer attributes that two organisms have in common, the less they are “equal” and the more they are unequal. Civilized human beings, therefore, are unequal in most of their personalities. This fact of inequality, in tastes, and in ability and character, is not necessarily an invidious distinction.

It simply reflects the scope of human diversity. It is evident that the common enthusiasm for equality is, in the fundamental sense, anti-human. It tends to repress the flowering of individual personality and diversity, and civilization itself; it is a drive toward savage uniformity. Since abilities and interests are naturally diverse, a drive toward making people equal in all or most respects is necessarily a leveling downward. It is a drive against development of talent, genius, variety, and reasoning power. Since it negates the very

principles of human life and human growth, the creed of equality and uniformity is a creed of death and destruction.

*Education: Free and Compulsory*, p. 6

... the goal of equality has for too long been treated uncritically and axiomatically as the ethical ideal.

*Egalitarianism as a Revolt Against Nature*, p. 5

What, in fact, is “equality”? The term has been much invoked but little analyzed. A and B are “equal” if they are identical to each other with respect to a given attribute. Thus, if Smith and Jones are both exactly six feet in height, then they may be said to be “equal” in height. If two sticks are identical in length, then their lengths are “equal,” etc. There is one and only one way, then, in which any two people can really be “equal” in the fullest sense: they must be identical in all of their attributes. This means, of course, that equality of all men — the egalitarian ideal — can only be achieved if all men are precisely uniform, precisely identical with respect to all of their attributes. The egalitarian world would necessarily be a world of horror fiction — a world of faceless and identical creatures, devoid of all individuality, variety, or special creativity.

*Egalitarianism as a Revolt Against Nature*, p. 6

... men are not uniform ... the species, mankind, is uniquely characterized by a high degree of variety, diversity, differentiation; in short, inequality. An egalitarian society can only hope to achieve its goals by totalitarian methods of coercion ...

*Egalitarianism as a Revolt Against Nature*, pp. 7–8

... the portrayal of an egalitarian society is horror fiction because, when the implications of such a world are fully spelled out, we recognize that such a world and such attempts are profoundly antihuman; being antihuman in the deepest sense, the egalitarian goal is, therefore, evil and any attempts in the direction of such a goal must be considered evil as well.

*Egalitarianism as a Revolt Against Nature*, p. 8

... biology stands like a rock in the face of egalitarian fantasies ...

*Egalitarianism as a Revolt Against Nature*, p. 16

The egalitarian revolt against biological reality, as significant as it is, is only a subset of a deeper revolt: against the ontological structure of reality itself, against the “very organization of nature”; against the universe as such. At the heart of the egalitarian left is the pathological belief that there is no structure of reality; that all the world is a *tabula rasa* that can be changed at any moment in any desired direction by the mere exercise of human will — in short, that reality can be instantly transformed by the mere wish or whim of human beings.

*Egalitarianism as a Revolt Against Nature*, p. 17

... egalitarians, however intelligent as individuals, deny the very basis of human intelligence and of human reason: the identification of the ontological structure of reality, of the laws of human nature, and the universe. In so doing, the egalitarians are acting as terribly spoiled children, denying the structure of reality on behalf of the rapid materialization of their own absurd fantasies. Not only spoiled but also highly dangerous; for the power of ideas is such that the egalitarians have a fair chance of destroying the very universe that they wish to deny and transcend, and to bring that universe crashing around all of our ears. Since their methodology and their goals deny the very structure of humanity and of the universe, the egalitarians are profoundly antihuman; and, therefore, their ideology and their activities may be set down as profoundly evil as well. Egalitarians do not have ethics on their side unless one can maintain that the destruction of civilization, and even of the human race itself, may be crowned with the laurel wreath of a high and laudable morality.

*Egalitarianism as a Revolt Against Nature*, pp. 19–20

The libertarian, then, is clearly an individualist but not an egalitarian. The only “equality” he would advocate is the equal right of every man to the property in his own person, to the property in the unused resources he “homesteads,” and to the property of others he has acquired either through voluntary exchange or gift.

*For a New Liberty*, pp. 50–51

... the individualist is not an egalitarian. Part of the reason for this is the individualist's insight into the vast diversity and individuality within mankind, a diversity that has the chance to flower and expand as civilization and living standards progress. Individuals differ in ability and in interest ...

*For a New Liberty*, p. 61

Scratch an egalitarian, and you will inevitably find a statist.

*Irrepressible Rothbard*, p. 102

... genuine free markets have nothing to do with “equality;” and nothing whatever to do with modern leftist notions of “fairness.”

*Irrepressible Rothbard*, p. 142

The cornerstone of the individualist-libertarian insight, however, is that all people are different. Every individual is unique. Every man differs in his character, personality, intelligence, and range of interests. Given a free society, then, every individual will find his own level of ability and interest. Libertarians, then, are the reverse of egalitarians; we do not subscribe to the impossible Left-ideal of compulsory egalitarianism, of an ant heap world in which every person will be identical, uniform, and equal. As individualists, we know and glory in the fact that a free society will release the energies of every individual to develop his capacity and his interests to their full extent.

In that free society, then, “natural” or voluntary elites will arise in every form of human endeavor.

*Libertarian Forum v. 1*, p. 149

... equality and uniformity can only be achieved in a world of small primitive communes, in which every man and woman does everything at once. The least one can say about such a world is that the vast bulk of the current population would quickly starve and die out; the most one can say is that, in addition, the true humanity — the individuation of every person and his full creative development — would be stifled in the bud, would be destroyed on the



altar of the crippling and profoundly anti-human ideal of equality and uniformity.

*Libertarian Forum v. 1, p. 197*

Suppose that a portion of slaves are able to run away. If we react by insisting that all slaves be treated “equally before the law,” we could be saying that all should go free. But more likely we would be saying that the runaway slaves must be dragged back because it is “unfair” for them to be free while their brothers and sisters are in chains. But surely the latter course is worse than “discrimination.” Equality might well mean equality of all in slavery. Hence the very concept of “equality” is dangerous to liberty, and should be opposed.

*Libertarian Forum v. 1, p. 614*

... “equal rights” can just as well be equal tyranny as equal liberty ...

*Libertarian Forum v. 2, p. 954*

... beneath the moral cloak of “fairness” rests the ugly reality of institutionalized envy. ... Behind the cloak of “fairness” is the real mean-spirited “ethic” of compulsory equality of suffering.

*Libertarian Forum v. 2, p. 1034*

... there is a great variety among men in labor skills, in insight into future events, in ability, intelligence, etc.

*Man, Economy, and State with Power and Market, pp. 576–77*

... men are not “equal” in their tastes, interests, abilities, or locations. Resources are not distributed “equally” over the earth. This inequality or diversity in abilities and distribution of resources insures inequality of income on the free market.

*Man, Economy, and State with Power and Market, p. 656*

... coerced egalitarianism will cause a reversion to barbarism ... steps in that direction will result in dislocations of the market and a lowering of living standards.

*Man, Economy, and State with Power and Market, pp. 1195–96*

It is obvious that equality of treatment is no canon of justice whatever. If a measure is unjust, then it is just that it have as little general effect as possible. Equality of unjust treatment can never be upheld as an ideal of justice.

*Man, Economy, and State with Power and Market*, p. 1219

... the free society is far better described by some such phrase as “equality of rights to defend person and property” or “equality of liberty” rather than by the vague, misleading expression “equality before the law.”

*Man, Economy, and State with Power and Market*, p. 1220

## EQUILIBRIUM

In price theory proper, the short run should take precedence, because it is the real-world market price, while the long run is the remote, ultimate tendency that never occurs, and could only take place if all the data were frozen for several years. In sum, we could only live in the improbable if not impossible world of long-run general equilibrium — where all profits and losses are zero — if all values, technologies and resources were frozen for years.

*Classical Economics*, p. 167

... in economics or politics there is never really such an equilibrium state existing; there is but a tendency in that direction.

*Economic Controversies*, p. 13

... equilibrium constructions are indispensable for all *ceteris paribus* economic thinking, for analyzing actions, and for demonstrating the direction in which the economy is necessarily tending. ... final equilibrium is also necessary for analyzing the emergence of profit-and-loss in an uncertain world ...

*Economic Controversies*, p. 183

... the demand for money would fall to zero in a general equilibrium world of perfect certainty. Hence, a money economy, at least, could not be in general equilibrium.

*Economic Controversies*, p. 257

... general equilibrium is by definition a world of perfect knowledge and certainty ...

*Economic Controversies*, p. 287

The very notion of a Walrasian general equilibrium is not simply totally unrealistic, it is conceptually impossible, since money and monetary exchange cannot be sustained in that kind of system.

*Economic Controversies*, pp. 697–98

... the economy is not and can never be in the general equilibrium state ...

*Economic Controversies*, p. 842

Rather than the long-run equilibrium state being the fundamental reality, it never exists at all. Long-run equilibrium provides the tendency toward which the market is ever moving, but is never reached because the underlying data of supply and demand — and therefore the ultimate equilibrium point — are always changing. Hence a full step-by-step analysis of a given change in the data is precisely what is needed to explain the process of successive short-run states which tend toward but never reach equilibrium. In the real world, the “long run” is not equilibrium at all, but a series of such short-run states, which will keep changing direction as underlying data are altered.

*Economic Thought Before Adam Smith*, p. 429

Analysis of the activities of production in a monetary market economy is a highly complex matter. An explanation of these activities, in particular the determination of prices and therefore the return to factors, the allocation of factors, and the formation of capital, can be developed only if we use the mental construction of the evenly rotating economy.

*Man, Economy, and State with Power and Market*, pp. 320–21

The final equilibrium state is one which the economy is always tending to approach.

*Man, Economy, and State with Power and Market*, p. 321

... the final equilibrium position is always changing, and consequently no one such position is ever reached in practice. But even though it is never reached in practice, it has a very real importance. ... We are attaching no ethical merit to the equilibrium position. It is a concept for scientific explanation of human activity.

*Man, Economy, and State with Power and Market*, p. 322

... while a final equilibrium is the goal toward which the economy is moving at any particular time, changes in the data alter this position and therefore shift the direction of movement. Therefore, there is nothing in a dynamic world that is ethically better about a final equilibrium position. As a matter of fact, since wants are unsatisfied (otherwise there would be no action), such a position of no change would be most unfortunate, since it would imply that no further want satisfaction would be possible. Furthermore, we must remember that a final equilibrium situation tends to be, though it can never actually be, the result of market activity, and not the condition of such activity.

*Man, Economy, and State with Power and Market*, p. 323

... the evenly rotating economy is unrealistic, for it cannot actually be established and we cannot even conceive consistently of its establishment. But the idea of the evenly rotating economy is indispensable in analyzing the real economy ...

*Man, Economy, and State with Power and Market*, p. 329

... there are not entrepreneurial profits or losses in the ERE, because there is no change of data or uncertainty about possible change.

*Man, Economy, and State with Power and Market*, p. 354

The ERE is the condition that comes into being and continues to obtain when the present, existing market data (valuations, technology, resources) remain constant. It is a theoretical construct of the economist that enables him to point out in what directions the economy tends to be moving at any given time; it also enables the economist to isolate various elements in his analysis of the economy of the real world. To analyze the determining forces in

a world of change, he must construct hypothetically a world of nonchange.

*Man, Economy, and State with Power and Market*, p. 359

... the ERE concept is especially helpful in the analysis of profits and losses as compared to interest.

*Man, Economy, and State with Power and Market*, p. 360

Continual changes in tastes and resources, however, constantly shift the final equilibrium goal and establish a new goal toward which entrepreneurial action is directed — and again the final tendency in the ERE will be the disappearance of profits. For the ERE means the disappearance uncertainty, and profit is the outgrowth of uncertainty.

*Man, Economy, and State with Power and Market*, pp. 511–12

There can be no calculation problem in the ERE because no calculation there is necessary. Obviously, there is no need to calculate profits and losses when all future data are known from the beginning and where there are no profits and losses. In the ERE, the best allocation of resources proceeds automatically.

*Man, Economy, and State with Power and Market*, p. 616

Only in this never-never land does price equal marginal cost in equilibrium. Otherwise, marginal cost equals “marginal revenue” in the ERE, i.e., the revenue that a given increment of cost will yield to the firm.

*Man, Economy, and State with Power and Market*, p. 695

... any approach toward the free-market equilibrium price and output point for any product benefits the consumers and thereby benefits the producers as well. Any departure away from the free-market price and output injures the consumers.

*Man, Economy, and State with Power and Market*, pp. 904–05

The profit motive and the free price system are the forces that equilibrate supply and demand, and make price responsive to underlying market forces.

*Mystery of Banking*, p. 20

The profit-loss motive and the free price system produce a built-in “feedback” or governor mechanism by which the market price of any good moves so as to clear the market, and to eliminate quickly any surpluses or shortages.

*Mystery of Banking*, p. 21

## ETHICS

Economics cannot by itself establish an ethical system, although it provides a great deal of data for anyone constructing such a system ...

*Case for a 100 Percent Gold Dollar*, p. 20

... supra-subjective ethical principles do exist that can be argued and can have an impact on others and on their valuations and goals.

*Classical Economics*, p. 58

... ethics employs all the data of the various sciences to guide man toward the ends he should seek to attain ...

*Economic Controversies*, p. 4

... ethics deals with the problem of what values and choices they should adopt ...

*Economic Controversies*, p. 35

Ethics deals with the question of what ends, or values, people should adopt.

*Economic Controversies*, pp. 71–72

Ethics is the discipline, or what is called in classical philosophy the “science,” of what goals men should or should not pursue. All

men have values and place positive or negative value judgments on goods, people, and events. Ethics is the discipline that provides standards for a moral critique of these value judgments.

*Economic Controversies*, p. 81

... an objective science of ethics exists ...

*Economic Controversies*, p. 81

... ethics is a rational and demonstrable discipline ... its principles are arrived at apart from economics or any other particular science except itself.

*Economic Controversies*, p. 242

... economics *per se* cannot establish ethical judgments. ... economics by itself cannot establish an ethical position.

*Economic Controversies*, p. 312

Man is the only species which can — and indeed must — carve out an ethic for himself.

*Economic Thought Before Adam Smith*, p. 4

... if an ethical goal violates the nature of man and/or the universe and, therefore, cannot work in practice, then it is a bad ideal and should be dismissed as a goal. If the goal itself violates the nature of man, then it is also a poor idea to work in the direction of that goal.

*Egalitarianism as a Revolt Against Nature*, p. 5

... an objective ethic can be established through reason ...

*Ethics of Liberty*, p. 16

In order to advocate public policy, therefore, a system of social or political ethics must be constructed.

*Ethics of Liberty*, p. 26

... the ultimate function of scholarly disciplines is to aid in carving out an ethics for mankind and then to help put such ethics into practice.

*Left and Right*, p. 560

... no man can live with no personal ethic at all ...

*Libertarian Forum v. 1*, p. 184

Ethics is a science, a discipline like other disciplines; and as in any other branch of knowledge it is vain folly to begin exploration of the science afresh and on one's own while disregarding all the other explorers and thinkers who have gone before.

*Libertarian Forum v. 1*, p. 225

Psychology and ethics deal with the content of human ends ... what ends should men value?

*Man, Economy, and State with Power and Market*, p. 73

Praxeology — economics — provides no ultimate ethical judgments: it simply furnishes the indispensable data necessary to make such judgments.

*Man, Economy, and State with Power and Market*, p. 1297

Economics or praxeology cannot establish the validity of ethical ideals ...

*Man, Economy, and State with Power and Market*, p. 1308

Ethics is the one rational discipline that demands the establishment of a rational set of value judgments; political ethics is that subset applying to matters of State.

*Rothbard vs. the Philosophers*, pp. 106–07

... there exists an absolute ethics for man, discoverable by reason, in accordance with the natural law of human nature.

*Rothbard vs. the Philosophers*, p. 113



Some ethical doctrines or ideological positions are objectively and rationally good and some are bad.

*Strictly Confidential*, p. 58

## EVIL

In our century, we have been inundated by a flood of evil, in the form of collectivism, socialism, egalitarianism, and nihilism. It has always been crystal clear to me that we have a compelling moral obligation, for the sake of ourselves, our loved ones, our posterity, our friends, our neighbors, and our country; to do battle against that evil.

*Irrepressible Rothbard*, p. 255

Why do we fight against, yes even hate, the evil? Only because we love the good, and our stress on the “negative” is only the other side of the coin, the logical consequence, of our devotion to the good, to the positive values and principles that we cherish.

*Irrepressible Rothbard*, p. 257

It is always more exhilarating — and more educational — to confront the naked and unadorned face of evil than to joust with it hidden behind the camouflage of concession and demagoguery.

*Left and Right*, p. 175

... the libertarian believes, along with everyone else, that man is a mixture of good and evil. What we are trying to do is to eliminate institutions which are inherently evil and thereby provide a legalized, legitimated channel for evil to proceed unchecked in society.

*Libertarian Forum v. 1*, p. 225

... within the context of libertarian theory, evil must be confined to the initiation of violence.

*Libertarian Forum v. 1*, p. 384

Mankind is a mixture of good and evil, of cooperative and criminal tendencies. In my view, the anarchist society is one which

maximizes the tendencies for the good and the cooperative, while it minimizes both the opportunity and the moral legitimacy of the evil and the criminal. If the anarchist view is correct, and the State is indeed the great legalized and socially legitimated channel for all manner of antisocial crime — theft, oppression, mass murder — on a massive scale, then surely the abolition of such an engine of crime can do nothing but favor the good in man and discourage the bad.

... The anarchist view holds that, given the “nature of man,” given the degree of goodness or badness at any point of time, anarchism will maximize the opportunities for good and minimize the channels for the bad.

*Libertarian Forum v. 1*, p. 536

Sins, errors, evils, etc., are not just floating abstractions; they are committed by real persons in the real world ... not just abstract error but conscious evil is being perpetrated for the sake of ill-gotten money and power.

*Libertarian Forum v. 2*, p. 971

## EXCHANGE

The market is a network, a lattice-work of two people or institutions exchanging two different commodities. Individuals specialize in producing different goods or services, and then exchanging these goods on terms they agree upon. ... Both parties make the exchange because they expect to benefit; and so the free market consists of a network of exchanges that are mutually beneficial at every step of the way.

*Case Against the Fed*, pp. 12–13

... people exchange one thing for another because they value the thing they acquire more than what they give up ... exchange always benefits both parties.

*Classical Economics*, p. 20

... differences in subjective value are the foundation of all exchanges.

*Classical Economics*, p. 119

... there is no point in any exchange unless the value, for each man, of each to the two exchanged goods is unequal.

*Classical Economics*, p. 397

The fact that two commodities exchange for each other in some proportion does not mean that they are therefore “equal” in value and can be “represented by an equation.” ... two things exchange for each other only because they are unequal in value to the two participants in the exchange. A gives up to x to B in exchange for y, because A prefers y to x, and B, on the contrary, prefers x to y. An equal sign falsifies the essential picture.

*Classical Economics*, p. 410

... men engage in exchange precisely because each man values what he gains more than what he gives up ... both parties to any exchange must gain in value.

*Classical Economics*, p. 462

... there is an inequality of value, and a mutual gain, in every exchange.

*Classical Economics*, p. 464

Both parties gain from every exchange, else they would not engage in the transaction.

*Classical Economics*, p. 468

Man participates in an exchange because he sees that he will benefit more from the good or service received, than the good or service he has to give up. ... men engage in exchange because and only because they subjectively prefer what they will receive in exchange to what they give up.

*Economic Controversies*, p. 192

... for each particular exchange, each individual only participates in it because he acts consciously, and his reason tells him that he will be better off from making this exchange than from not making

it. He will benefit from what he receives compared to what he gives up, and he will do better than from any other alternative exchange.

*Economic Controversies*, pp. 193–94

If an exchange takes place, this implies not an equality of values, but rather a reverse inequality of values in the two parties making the exchange. ... double inequality of subjective valuations sets the necessary precondition for any exchange.

*Economic Thought Before Adam Smith*, p. 17

... trade is not, as many people believe, a type of warfare in which one party benefits at the expense of another.

*Economic Thought Before Adam Smith*, p. 73

... any exchange on the market is for the mutual benefit of both parties, since each is better off than he was before. A voluntary sale is a just one.

*Economic Thought Before Adam Smith*, p. 86

... every exchange involves an expected mutual benefit by each party to that transaction ...

*Economic Thought Before Adam Smith*, p. 89

In reality, trade and conquest are not akin, but are diametric opposites. Each party to every exchange benefits, whether the exchange is between nationals of the same country or of different countries. Political boundaries have nothing to do with the economic gain from trade and markets. In exchange, one man's gain is only accomplished by contributing to the gain of someone else; just as both "nation" (i.e., people living in certain countries or any other geographical area) mutually benefit from trade between them.

*Economic Thought Before Adam Smith*, p. 247

Exchange arises because the utility and value of the two goods exchanged is different — indeed the reverse — for the two people engaging in the exchange.

*Economic Thought Before Adam Smith*, p. 410

Economics has revealed a great truth about the natural law of human interaction: that not only is production essential to man's prosperity and survival, but so also is exchange. ...

If anyone wishes to grasp how much we owe to the processes of exchange, let him consider what would happen in the modern world if every man were suddenly prohibited from exchanging anything with anyone else. Each person would be forced to produce all of his own goods and services himself. The utter chaos, the total starvation of the great bulk of the human race, and the reversion to primitive subsistence by the remaining handful of people, can readily be imagined.

*Ethics of Liberty*, p. 35

The process of exchange enables man to ascend from primitive isolation to civilization: it enormously widens his opportunities and the market for his wares; it enables him to invest in machines and other "high-order capital goods"; it forms a pattern of exchanges — the free market — which enables him to calculate economically the benefits and the costs of highly complex methods and aggregates of production.

*Ethics of Liberty*, p. 36

The developed-market economy, as complex as the system appears to be on the surface, is nothing more than a vast network of voluntary and mutually agreed-upon two-person exchanges ...

*For a New Liberty*, p. 49

All action is an attempt to exchange a less satisfactory state of affairs for a more satisfactory one. ... all action involves exchange — an exchange of one state of affairs, X, for Y, which the actor anticipates will be a more satisfactory one ...

*Man, Economy, and State with Power and Market*, pp. 19–20

It is almost impossible to overestimate the importance of exchange in a developed economic system. Interpersonal exchanges have an enormous influence on productive activities. Their existence means that goods and units of goods have not only direct use-value

for the producer, but also exchange-value. In other words, goods may now be exchanged for other goods of greater usefulness to the actor. A man will exchange a unit of a good so long as the goods that it can command in exchange have greater value to him than the value it had in direct use, i.e., so long as its exchange-value is greater than its direct use-value.

*Man, Economy, and State with Power and Market*, pp. 88–89

The existence and possibilities of exchange open up for producers the avenue of producing for a “market” rather than for themselves. Instead of attempting to maximize his product in isolation by producing goods solely for his own use, each person can now produce goods in anticipation of their exchange-value, and exchange these goods for others that are more valuable to him. It is evident that since this opens a new avenue for the utility of goods, it becomes possible for each person to increase his productivity. Through praxeology, therefore, we know that only gains can come to every participant in exchange and that each must benefit by the transaction; otherwise he would not engage in it. Empirically we know that the exchange economy has made possible an enormous increase in productivity and satisfactions for all the participants.

*Man, Economy, and State with Power and Market*, p. 89

The mutual benefits yielded by exchange provide a major incentive ... to would-be aggressors (initiators of violent action against others) to restrain their aggression and cooperate peacefully with their fellows. Individuals then decide that the advantages of engaging in specialization and exchange outweigh the advantages that war might bring.

*Man, Economy, and State with Power and Market*, p. 101

... for each exchange there is a double inequality of values, rather than an equality, and hence there are no “equal values” to be “measured” in any way.

*Man, Economy, and State with Power and Market*, p. 103

... exchange benefits each participant ...

*Man, Economy, and State with Power and Market*, p. 187

Every action and exchange is favorable from the point of the person performing the action or exchange, otherwise he would not have engaged in it.

*Man, Economy, and State with Power and Market*, pp. 822–23

The assumption that an exchange presumes some sort of equality has been a delusion of economic theory since Aristotle ... There is certainly no equality of values between two goods exchanged.

*Man, Economy, and State with Power and Market*, p. 833

... free exchange means exchange of titles of ownership to property  
...

*Man, Economy, and State with Power and Market*, p. 1047

... since every single transaction benefits both parties and rewards rationality, it is not surprising that the sum of all market transactions is a beautiful and rational instrument.

*Rothbard vs. the Philosophers*, p. 68

There is thus never any equality of values in an exchange; on the contrary, there is a reverse double inequality of values on the part of the two participants.

*Strictly Confidential*, p. 241

The basis of all trade is benefit to both parties. There is no need for the traders to like each other for each to gain by the trade.

*Strictly Confidential*, p. 326

Exchange is the prime basis of our economic life. Without exchanges, there would be no real economy and, practically, no society. Clearly, a voluntary exchange occurs because both parties expect to benefit. An exchange is an agreement between A and B to transfer the goods or services of one man for the goods and services of the other. Obviously, both benefit because each values what he receives in exchange more than what he gives up.

*What Has Government Done to Our Money?*, p. 4

Every man has a different set of skills and aptitudes, and every plot of ground has its own unique features, its own distinctive resources. ... Specialization permits each man to develop his best skill, and allows each region to develop its own particular resources. If no one could exchange, if every man were forced to be completely self-sufficient, it is obvious that most of us would starve to death, and the rest would barely remain alive. Exchange is the lifeblood, not only of our economy, but of civilization itself.

*What Has Government Done to Our Money?*, p. 5

## EXCHANGE RATES

... the government's artificial fixing of an exchange rate between two or more moneys creates a shortage of the artificially under-valued money and a surplus of the over-valued money. Gresham's Law is therefore a law of government intervention rather than one of the free market.

*Case for a 100 Percent Gold Dollar*, p. 36

... fluctuating fiat moneys are disintegrative of the very function of money itself.

*Case for a 100 Percent Gold Dollar*, p. 60

The overriding causes of such price or exchange movements — not just in some remote “long run” but at all times except temporary deviations — are monetary changes in the supply of and demand for money. Changes in “real” factors can only have an important impact on exchange rates and general prices by altering the composition and the height of the demand for money on the market.

*Classical Economics*, p. 166

... in monetary theory, the impact of partial “real” factors on the price level, exchange rates, and on the balance of payments, are all ephemera determined by the general factors: the supply of and demand for money. These monetary influences are not “long-run” in the sense of far off and remote, but are underlying and dominant every day in the real world. The monetary influence



corresponding to the long run of general equilibrium would be a condition where all price levels and all real wage levels in a gold standard world would be identical, or strictly proportionate to the relative currency weights of gold. In a freely fluctuating, fiat money world, this would be the situation where all price levels would be strictly proportionate to the currency ratios at the international market exchange rates. But dominant influences of the supply and demand for money on price levels and exchange rates occur in the real world all the time, and always predominate over the ephemera of “real” specific price and expenditure changes. Hence real-world analysis, which must always predominate, comprises short-run price analysis and slightly longer-run (but still far from final equilibrium) monetary reasoning.

*Classical Economics*, p. 167

... the market exchange rate between two independent moneys will tend to equal the ratio of their purchasing powers.

*Economic Controversies*, p. 691

It is politically naïve in the extreme to place the supply of fiat money in the hands of government and then to hope and expect it to refrain from controlling exchange rates or going on to impose more detailed exchange controls.

*Economic Controversies*, p. 751

... no system will break down faster or more thoroughly than fixed exchange rates without an international money.

*Libertarian Forum v. 1*, p. 389

... fixed exchange rates inevitably create Gresham’s Law situations ...

*Making Economic Sense*, p. 301

The best and least inflated form of money is a worldwide gold currency. But absent gold redeemability, and given our existing fiat national currencies, by far the best course is to allow exchange

rates to float freely in the foreign exchange markets, where they at least clear the market and insure no shortage or oversupply of currencies.

*Making Economic Sense*, p. 304

... the only thing worse than fluctuating exchange rates is fixed exchange rates based on fiat money and international coordination.

*Making Economic Sense*, p. 310

Fluctuating fiat moneys, as the world has discovered once again, since 1971, are unsatisfactory. They cripple the advantages of international money and virtually return the world to barter. ...

... there is one thing much worse than fluctuating fiat moneys: and that is fiat money where governments try to fix the exchange rates. For, as in the case of any price control, governments will invariably fix their rates either above or below the free market rate. Whichever route they take, government fixing will create undesirable consequences, will cause unnecessary monetary crises, and, in the long run, cannot be sustained and will end up in ignominious failure.

*Making Economic Sense*, p. 312

Two different kinds of money will exchange in a ratio corresponding to the ratio of the purchasing power of each in terms of all the other economic goods.

*Man, Economy, and State with Power and Market*, p. 829

... the exchange rate between any two moneys will tend to be at the purchasing power parity. Any deviation from the parity will tend to eliminate itself and reestablish the parity rate. ... the rate of exchange will always tend to be set at the purchasing power parity.

*Man, Economy, and State with Power and Market*, p. 830

In a free market, each fiat money will tend to exchange for another according to the fluctuation in their respective purchasing-power parities.

*Man, Economy, and State with Power and Market*, p. 1082

Since gold or silver exchanges by weight, the various national currency units, all defined as particular weights of a precious metal, will be automatically fixed in terms of each other. ... the exchange rates between the various currencies are automatically fixed by their respective quantities of gold.

*Mystery of Banking*, p. 9

... for any two moneys, the exchange rate is set in accordance with the proportionate purchasing-power parities ... these in turn are determined by the respective supplies and demands for the various currencies.

*What Has Government Done to Our Money?*, p. 79

When a currency is overvalued by decree, people rush to exchange it for the undervalued currency at the bargain rates; this causes a surplus of overvalued, and a shortage of the undervalued, currency.

*What Has Government Done to Our Money?*, p. 83

## EXPECTATIONS

... expectations are purely subjective, and cannot be captured by the mechanistic use of charts and regressions.

*America's Great Depression*, p. xx

... the factors of production — the various higher-order producers' goods — are valued solely because of their anticipated usefulness in helping to produce future consumers' goods or to produce lower-order producers' goods that will help to bring about consumers' goods. The valuation of factors of production is derived from actors' evaluation of their products (lower stages), all of which eventually derive their valuation from the end result — the consumers' good.

*Man, Economy, and State with Power and Market*, p. 12

... acting man considers and values the factors of production available in the present in accordance with their anticipated services in the future production of consumers' goods ...

*Man, Economy, and State with Power and Market*, p. 15

Action involves the anticipation of wants that will be felt in the future, an estimate of their relative urgency, and the setting about to satisfy them.

*Man, Economy, and State with Power and Market*, p. 68

The "businessman" makes his outlays with the expectation of being able to sell the product at a certain price on a certain future date.

*Man, Economy, and State with Power and Market*, p. 211

*Ex ante*, then, he will always take the most advantageous course of action, and will always have a psychic profit, with revenue exceeding cost. *Ex post*, he may have profited or lost from a course of action. Revenue may or may not have exceeded cost, depending on how good an entrepreneur he has been in making his original action.

*Man, Economy, and State with Power and Market*, p. 277

Each person acts in the present instant, on the basis of present value scales, to obtain anticipated end results in the future. Each person acts, therefore, to arrive at a certain satisfactory state in the future. Each has a temporal horizon of future dates toward which his actions are directed. He uses present given *means*, according to his technological ideas, to attain his ends in the future.

*Man, Economy, and State with Power and Market*, pp. 319–20

How much productive energy and savings will go into producing stock of one particular good and how much into producing another, in other words, the relative stocks of each product, will depend in turn on entrepreneurial expectations of where the greatest monetary profit will be found. These expectations are based on the anticipated direction of consumer demand.

*Man, Economy, and State with Power and Market*, p. 360

The demand curve to a firm is the set of a firm's expectations, at any time, of how many units of its product consumers will buy ...

*Man, Economy, and State with Power and Market*, p. 724

... the free market has a smooth, efficient mechanism to bring anticipated, *ex ante* utility into the realization and fruition of *ex post*. The free market always maximizes *ex ante* social utility; it always tends to maximize *ex post* social utility as well. The field of political action, on the other hand, i.e., the field where most intervention takes place, has no such mechanism; indeed, the political process inherently tends to delay and thwart the realization of expected gains. ...

... the free market always benefits every participant, and it maximizes social utility *ex ante*; it also tends to do so *ex post*, for it contains an efficient mechanism for speedily converting anticipations into realizations.

*Man, Economy, and State with Power and Market*, p. 891

## FAIRNESS

Whenever someone starts talking about “fair competition” or indeed, about “fairness” in general, it is time to keep a sharp eye on your wallet, for it is about to be picked.

*Making Economic Sense*, p. 359

... there is no “just” (or “fair”) price outside the market price.

*Making Economic Sense*, p. 360

Whenever anyone talks about “fairness,” the average American had better look to his wallet.

*Making Economic Sense*, p. 378

## FEMINISM

... female marginal productivity is lower than that of men. If that were not the case, then employers could reap extra profits by hiring only women at the lower wage rates.

*Economic Controversies*, p. 916

... every culture and civilization in history, from the simplest to the most complex, has been dominated by males.

*Egalitarianism as a Revolt Against Nature*, p. 12

... at the root of the women's liberation movement is resentment against the very existence of women as a distinctive entity.

*Egalitarianism as a Revolt Against Nature*, p. 14

... the overwhelming majority of women work a few years and then take a large chunk of their productive years, to raise children, after which they may or may not decide to return to the labor force. As a result, they tend to enter, or to find, jobs largely in those industries and in that type of work that does not require a long-term commitment to a career. Furthermore, they tend to find jobs in those occupations where the cost of training new people, or of losing old ones, is relatively low. These tend to be lower-paying occupations than those that require a long-term commitment or where costs of training or turnover are high. This general tendency to take out years for child raising also accounts for a good deal of the failure to promote women to higher-ranking and, therefore, higher-paying jobs and hence for the low female "quotas" in these areas.

*Egalitarianism as a Revolt Against Nature*, pp. 159–60

If women have persistently lower pay and poorer jobs, even after correcting for the motherhood-dropout, then the simple reason must be that their marginal productivity tends to be lower than men's.

*Egalitarianism as a Revolt Against Nature*, p. 160

... in contrast to the women's lib forces who tend to blame capitalism as well as male tyrants for centuries-old discrimination, it was precisely capitalism and the "capitalist revolution" of the eighteenth and nineteenth centuries that freed women from male oppression and set each woman free to find her best level.

*Egalitarianism as a Revolt Against Nature*, pp. 160–61

... the feminists are setting out to destroy romance ...

*Irrepressible Rothbard*, p. 366

... every woman has the absolute right to own and control her own body.

*Libertarian Forum v. 1*, p. 214

## FETTER, FRANK

Frank Albert Fetter (1863–1949) was the leader in the United States of the early Austrian school of economics.

*Capital, Interest, and Rent*, p. 1

Fetter's point of departure was the Austrian insights that (1) prices of consumer goods are determined by their relative marginal utility to consumers; and (2) that factor prices are determined by their marginal productivity in producing these consumer goods. In other words, the market system imputes consumer goods prices (determined by marginal utility) to the factors of production in accordance with their marginal productivities.

*Capital, Interest, and Rent*, p. 2

Frank Fetter's imaginative contribution to rent theory was to seize upon the businessman's commonsense definition of rent as the price per unit service of any factor, that is, as the price of renting out that factor per unit time. But if rent is simply the payment for renting out, every unit of a factor of production earns a rent ... Whatever any piece of land earns per year or per month is rent; whatever a capital good earns per unit time is also a rent.

*Capital, Interest, and Rent*, p. 2

... Fetter was the first economist to explain interest rate solely by time preference. Every factor of production earns it rent in accordance with its marginal product, and every future rental return is discounted, or "capitalized," to get its present value in accordance with the overall social rate of time preference.

*Capital, Interest, and Rent*, p. 4

Not only is Fetter's pure time-preference, or capitalization, theory the only one that offers an integrated explanation of interest on slaves, land, and capital goods, but it is also, as he pointed out, the only one that provides an integrated explanation of interest on consumption loans and on productive loans. For even the productivity theorists had to concede that at least in the case of consumer loans interest was occasioned by time preference.

*Capital, Interest, and Rent*, p. 17

... Fetter developed a monetary theory of the business cycle ...

*Capital, Interest, and Rent*, p. 19

The sole importance of time preference has been grasped by extremely few economists, notably by Frank A. Fetter and Ludwig von Mises.

*Man, Economy, and State with Power and Market*, p. 389n12

Fetter's only mistake in interest theory was to deny Fisher's assertion that time preference (or, as Fisher called it, "impatience") is a universal and necessary fact of human action.

*Man, Economy, and State with Power and Market*, p. 425n27

... Frank A. Fetter pointed out years ago, only time preference can integrate interest on consumers' as well as on producers' loans into a single unified explanation.

*Man, Economy, and State with Power and Market*, p. 451n44

Fetter's conception [of rent] has, unfortunately, had little influence on economic thought. It is not only in accord with common usage; it provides a unifying principle, enabling a coherent explanation of the price determination of unit services and of the whole goods that embody them. Without the rental-price concept, it is difficult to distinguish between the pricing of unit services and of whole goods.

*Man, Economy, and State with Power and Market*, p. 488n22



Fetter's main error in capital theory was his belief that capitalization meant the scrapping of any distinction between capital goods and land.

*Man, Economy, and State with Power and Market*, p. 492n25

## FIAT MONEY

Fiat currency is inherently the money of absolute statism. Money is the central commodity, the nerve center, as it were, of the modern market economy, and any system that vests the absolute control of that commodity in the hands of the State is hopelessly incompatible with a free-market economy or, ultimately, with individual liberty itself.

*Economic Controversies*, p. 908

The idea prevails that to favor gold or silver money is to be a moss-back reactionary; nothing could be further from the truth. For gold (as well as silver) is the People's Money; it is a valuable commodity that has developed, on the free market, as the monetary means of exchange. Gold has been replaced, at the dictate of the State, by fiat paper — by pieces of paper issued and imprinted by the government. Gold cannot be produced very easily; it must be dug laboriously out of the ground. But if paper tickets are to be money, and the State is to have the sole power to issue these virtually costless tickets, then we are all at the mercy of this gang of legalized, sovereign counterfeiters. Yet this is the accepted monetary system of today.

*Libertarian Forum v. 1*, p. 37

Once the public becomes accustomed to the dollar or pound as a unit of weight of gold, then the government can sever the accustomed name from its base in the market-produced commodity, and seize the monopoly of supplying it as a fiat currency ...

*Libertarian Forum v. 2*, p. 993

When the government "goes off" the gold standard, central bank notes then become legal tender and virtually the standard money.

*Man, Economy, and State with Power and Market*, p. 1017

... public confidence in, and hence demand for, paper money depends on the ultimate confidence — or lack thereof — of the public in the viability of the issuing government.

*Mystery of Banking*, p. 66

## FINANCE

... the very concept of capital value implies a preceding process of capitalization, a summing up of expected future rental incomes from a good, discounted by a rate of interest. Rent, or productivity, and interest, or time preference, are logically prerequisite to the determination of capital value.

*Capital, Interest, and Rent*, p. 5

... since capital instruments only mature into consumer goods at various times in the future, capital goods are really future goods, not present goods.

*Capital, Interest, and Rent*, p. 11

... interest rate determination in the market for productive loans. The supply curve of loanable funds is conventionally explained by time preference, while the demand curve for loans by business firms is explained by reference to the “marginal productivity of capital” ...

*Capital, Interest, and Rent*, p. 11

... every factor of production (whether labor, land, or capital goods) earns, not its marginal value productivity, according to the current conventional explanation, but its marginal productivity discounted by the interest rate or time preference; and the capitalist earns the discount.

*Capital, Interest, and Rent*, p. 12

Rent reflects the (marginal) productivity of scarce factors of production, and interest reflects the present valuation of future services and therefore depends, not at all on roundaboutness, but on the postponement of use.

*Capital, Interest, and Rent*, p. 13

The capital value of any good becomes the sum of its expected future rents, discounted by the rate of time preference for present over future goods, which is the rate of interest. In short, the capital value of a good is the “capitalization” of its future rents in accordance with the rate of time preference or interest. Therefore, marginal utility accounts for the valuations and prices of consumer goods; the rent of each factor of production is determined by its productivity in eventually producing consumer goods; and interest arises in the capitalization, in accordance with time preference, of the present worth of the expected future rents of durable goods.

*Capital, Interest, and Rent*, pp. 13–14

... the process of capitalization and time discount applies as fully and equally to land as it does to capital goods. From the point of view of capitalization, there is no fundamental distinction between land and produced means of production.

*Capital, Interest, and Rent*, p. 16

... virtually everyone owns a few shares of stock, or owns shares of pension funds invested in stocks or bonds. “Every man a capitalist” is, in today’s world, a pervasive condition rather than a hopeful slogan for the future.

... stockholders are like consumers. The individual consumer has little say over the types and amounts of goods and services produced, but the mass of consumers together exert total economic power. ... Large stockholders will exert direct control of a corporation, but far more indirect power lies in the hands of the mass of small shareholders, just as the ultimate economic power over each firm is wielded by the mass of consumers in their decisions on whether and how much to buy of the firm’s product.

*Classical Economics*, p. 421

... every firm aims always at maximizing its psychic profit.

*Economic Controversies*, p. 107

The selling-price of an asset on the market will be the capitalized value of its expected future rents: the capitalization to take place at the going rate of interest. The rate of interest is the price of “time”

... any asset will sell at the capitalized value of its future earnings  
...

*Economic Controversies*, p. 593

All businesses, all industries on the market, tend, in the long run, to yield about the same rate of return; if not, then capital and resources will flow out of the poorer earning and into the better earning industry until rates of return are equalized.

*Economic Controversies*, p. 711

... the present capital value of land or other capital good on the market tends to equal the sum of its expected annual future rents, or returns, discounted by the market rate of time-preference, or rate of interest.

*Economic Thought Before Adam Smith*, p. 400

The expected future good is discounted by the actor according to his rate of time preference. The present value of his expected future good is compared to the present value of the present good on the actor's value scale, and the decision to save and invest is made accordingly. It is clear that the higher the rate of discount, the lower the present value of the future good will be, and the greater the likelihood of abstaining from the investment. On the other hand, the lower the rate of discount, the higher the present value of future goods will be on the actor's value scale, and the greater the likelihood of its being greater than the value of present goods forgone, and hence of his making the investment.

Thus, the investment decision will be determined by which is greater: the present value of the future good or the present value of present goods forgone.

*Man, Economy, and State with Power and Market*, pp. 62–63

The market price of the good as a whole is equal to the present value of the sum of its expected (future) rental incomes or rental prices.

*Man, Economy, and State with Power and Market*, p. 292

The capital value at any time is based on expectations of future rental prices.

*Man, Economy, and State with Power and Market*, p. 293

... the equilibrium relation between present capital value and *actual* future rents is only a long-range tendency fostered by the market's encouragement of successful forecasters.

*Man, Economy, and State with Power and Market*, p. 294

In actuality, time preference exists, and the present value of the future rentals is always less by a certain discount than the sum of these rentals. If this were not so, the capital value of very durable goods, goods which wear out only imperceptibly, would be almost infinite.

*Man, Economy, and State with Power and Market*, p. 296

... entrepreneurs ... will tend to invest in the outright purchase of (already existing) durable consumers' goods when they believe that the present capital value of the good on the market is less than the sum of future rentals (discounted by time preference) that they will receive.

*Man, Economy, and State with Power and Market*, p. 297

... the term "value of capital" signifies the purchasing power of a durable good in terms of money on the market. ... When a good is being subjectively valued, it is ranked by someone in relation to other goods on his value scale. When a good is being "evaluated" in the sense of finding out its capital value, the evaluator estimates how much the good could be sold for in terms of money. This sort of activity is known as appraisement and is to be distinguished from subjective evaluation. ... appraisement is fundamental to the entire economic system in an economy of indirect exchange. Not only do the renting and selling of consumers' goods rest on appraisement and on hope of monetary profits, but so does the activity of all the investing producers, the keystone of the entire productive system.

*Man, Economy, and State with Power and Market*, p. 316

... present money is worth more than present expectations of the same amount of future money.

*Man, Economy, and State with Power and Market*, p. 376

The capital value of a firm's assets will be the appraised value of all the productive assets, including cash, land, capital goods, and finished products. The capital value of the firm is increased at any given time by new investment and is maintained by the reinvestments of the owners after the finished product is sold.

*Man, Economy, and State with Power and Market*, p. 430

Whether saved capital is channeled into investments *via* stocks or *via* loans is unimportant. The only difference is in the legal technicalities.

*Man, Economy, and State with Power and Market*, p. 437

We must conclude that economically and even in basic law, there is no difference between shareholders and productive creditors; both are equally suppliers of capital, both receive interest return as determined on the general time market, both own their proportionate share of the company's assets. The differences between the two are only technical and semantic.

*Man, Economy, and State with Power and Market*, p. 439

The marginal value product is the monetary revenue that may be attributed, or "imputed," to one service unit of the factor ... This MVP (marginal value product) is discounted by the social rate of time preference, i.e., by the going rate of interest.

*Man, Economy, and State with Power and Market*, p. 456

... in the ERE every isolable factor will earn its DMVP, and this will be its price. As a result, each factor will earn its DMVP, and the capitalist will earn the going rate of interest for purchasing future goods with his savings. In the ERE, as we have seen, all capitalists will earn the same going rate of interest, and no pure profit will then be reaped. The sale price of a good will be necessarily equal to

the sum of the DMVPs of its factors plus the rate of interest return on the investment.

... Any price higher than the discounted marginal value product of a factor service will not long be paid by a capitalist; any price lower will be raised by the competitive actions of entrepreneurs bidding away these factors through offers of higher prices. These actions will lead, in the former case to the disappearance of losses, in the latter, to the disappearance of pure profit.

*Man, Economy, and State with Power and Market*, p. 457

... there takes place the inexorable tendency in the market for the price of all units of any good to be uniform throughout its market. This must apply to a productive factor just as to any other good.

*Man, Economy, and State with Power and Market*, p. 462

... the price of a factor is determined by its diminishing general (discounted) marginal value productivity curve intersecting with the given supply (stock) of the factor in the economy.

*Man, Economy, and State with Power and Market*, p. 465

What is the marginal value product? It is the amount of revenue intake attributable to a unit of a factor.

*Man, Economy, and State with Power and Market*, p. 466

... the marginal value product of a factor service unit is equal to its marginal physical product times the price of that product.

*Man, Economy, and State with Power and Market*, p. 467

The price of the unit service of every factor, then, is equal to its discounted marginal value product. This is true of all factors, whether they be “original” (land and labor) or “produced” (capital goods).

*Man, Economy, and State with Power and Market*, pp. 479–80

The price of the “whole good,” also known as the capital value of the good, is equal to the sum of the expected future rents discounted by what we then vaguely called a time-preference factor and which we now know is the rate of interest. The capital value, or price of

the good as a whole, then, is completely dependent on the rental prices of the good, its physical durability, and the rate of interest.

*Man, Economy, and State with Power and Market*, p. 489

The principle of the determination of “capital values,” i.e., prices of “whole goods,” is known as capitalization, or the capitalizing of rents. This principle applies to all goods, not simply capital goods ... The rental price, or rent, of a factor of production is equal, as we have seen, to its discounted marginal value product. The capital value of a “whole factor” will be equal to the sum of its future rents, or the sum of its DMVPs. This capital value will be the price for which the “whole good” will exchange on the market. It is at this capital value that a unit of a “whole good” such as a house, a piano, a machine, an acre of land, etc., will sell on the market. There is clearly no sense to capitalization if there is no market, or price, for the “whole good.” The capital value is the appraised value set by the market on the basis of rents, durability, and the interest rate.

*Man, Economy, and State with Power and Market*, p. 490

The capital value of every durable good will equal the discounted value of the sum of future rents to be obtained from the good, the discount being the rate of interest.

*Man, Economy, and State with Power and Market*, p. 625

The further away in time any economic event, the more its impact will be discounted in the present by the interest rate.

*Man, Economy, and State with Power and Market*, p. 768

It is incorrect, however, to say that government loans are “riskless” and therefore that the interest yield on government bonds may be taken to be the pure interest rate.

*Man, Economy, and State with Power and Market*, p. 1027n136

The lender is also an entrepreneur and part owner, regardless of his legal status.

*Man, Economy, and State with Power and Market*, p. 1274



... a bond is directly a claim to ownership of a certain amount of money and, in the final analysis, is an aliquot ownership in the company's physical property.

*Man, Economy, and State with Power and Market*, pp. 1342–43

... all estimates of future earning power are necessarily subjective estimates. ... the capital values of any business firm happen to be the discounted sum of expected future earnings of that firm, and those expected earnings, in the nature of reality and of the market, are necessarily speculative and subjective.

*Progressive Era*, p. 217

## FISHER, IRVING

... Fisher uphold[s] as an ethical and economic ideal the maintenance of a stable, constant price level.

*America's Great Depression*, p. xxxiii

... Professor Irving Fisher launched his career as head of the “stable money” movement in the United States.

*America's Great Depression*, p. 174

Irving Fisher ... hankered after some form of “commodity dollar,” in which the dollar is defined, not as a weight of a single commodity, but in terms of a “market basket” of two or many more commodities. There are many deep-seated flaws in this approach.

*Economic Controversies*, pp. 761–62

Irving Fisher's intense desire for a constant price level stemmed from his own fallacious philosophic notion that, just as science is based upon measurable standards (such as a yard comprising 36 inches), so money is supposed to be a measure of values and prices. But since there is no single price level, his very idea, far from being scientific, is a hopeless chimera.

*Economic Controversies*, p. 762

... [advocated] the 100 percent fiat paper reserve tradition of the Chicago School ...

*Economic Controversies*, p. 881

Fisher believed ... that on the one hand there is a world of individual prices determined by supply and demand, but on the other hand there is an aggregate “price level” determined by the supply of money and its velocity of turnover, and never the twain do meet. The aggregate, macro, sphere is supposed to be the fit subject of government planning and manipulation, again supposedly without affecting or interfering with the micro area of individual prices.

*Economic Controversies*, p. 904

... the business cycle is supposed to be merely a “dance,” in other words, an essentially random and causally unconnected series of ups and downs in the “price level.” The business cycle, in short, is random and needless variations in the aggregate level of prices. Therefore, since the free market gives rise to this random “dance,” the cure for the business cycle is for the government to take measures to stabilize the price level, to keep that level constant. ...

... Fisher’s original groundwork was a total misunderstanding of the nature of money ...

*Economic Controversies*, p. 904

... Irving Fisher refused to recognize the true nature of money, or the proper function of the gold standard, or the name of a currency as a unit of weight in gold. Instead, he held these names of paper money substitutes issued by the various governments to be absolute, to be money.

*Economic Controversies*, p. 905

It was Irving Fisher, his doctrines, and his influence, which was in large part responsible for the disastrous inflationary policies of the Federal Reserve System during the 1920s, and therefore for the subsequent holocaust of 1929.

*Economic Controversies*, p. 905

... during the 1930s, Fisher and the Chicago School were “pre-Keynes Keynesians,” and were, for that reason, considered quite radical and socialistic — and with good reason.

*Economic Controversies*, p. 907

From his earliest days, Irving Fisher was — properly — considered to be a monetary radical and a statist for his desire to scrap the gold standard. Fisher realized that the gold standard — under which the basic money is a commodity mined on the free market rather than created by government — was incompatible with his overpowering desire to stabilize the price level. Hence, Fisher was one of the first modern economists to call for the abolition of the gold standard and its replacement by fiat money.

*Economic Controversies*, p. 907

... Fisher’s equation of exchange is pernicious ...

*Man, Economy, and State with Power and Market*, p. 836

The Fisherine equation has been popular for many years because it has been thought to convey useful economic knowledge. It appears to be demonstrating the plausible (on other grounds) quantity theory of money. Actually, it has only been misleading.

*Man, Economy, and State with Power and Market*, p. 842

... Fisher did not realize that there could be fundamental differences in the nature of the sciences of physics and of purposeful human action.

*Man, Economy, and State with Power and Market*, p. 847

## FORECASTING

People try to forecast and anticipate changes as best they can, but such forecasting can never be reduced to an exact science. Entrepreneurs are in the business of forecasting changes on the market, both for conditions of demand and of supply. The more successful ones make profits *pari passus* with their accuracy of judgment, while the unsuccessful forecasters fall by the wayside. As a result, the successful entrepreneurs on the free market will be the ones

most adept at anticipating future business conditions. Yet, the forecasting can never be perfect, and entrepreneurs will continue to differ in the success of their judgments. If this were not so, no profits or losses would ever be made in business.

*America's Great Depression*, p. 4

... the predictions of the praxeologist are precisely the same kind as those of the natural scientist.

*Economic Controversies*, p. 38

... forecasting is a task very similar to the work of the historian. ... He uses all his nomothetic knowledge, economic, political, military, psychological, and technological; but at best his work is an art rather than an exact science. Thus, some forecasters will inevitably be better than others, and the superior forecasters will make the more successful entrepreneurs, speculators, generals, and bettors on elections or football games.

*Economic Controversies*, p. 41

Forecasting can only be an entrepreneurial art ... forecasts must also be guided by insight, by *Verstehen*, into present and future conditions and into the values, preferences, and changing habits of other human actors.

*Economic Controversies*, p. 174

Good forecasters will be rewarded with higher profits and incomes; poor forecasters will suffer losses and finally leave the business.

*Economic Controversies*, p. 453

So long as men have free will and change their values and choices, and so long as knowledge changes and accumulates, scientific forecasting of the future will be impossible.

*Economic Controversies*, p. 922

... forecasting is not and cannot be a science; at best it is an art, and the best such "artists" are those who have a "feel" for the conditions of their particular markets. There is a process of natural

selection on the market which brings the better forecasters to the fore and discourages the poorer ones: the making of profits and capital gains and the suffering of losses. The poor forecaster on the commodity or stock markets will not last long in his chosen occupation.

*Economic Controversies*, p. 923

The market economy, moreover, contains a built-in mechanism, a kind of natural selection, that ensures the survival and the flourishing of the superior forecaster and the weeding-out of the inferior ones. For the more profits reaped by the better forecasters, the greater become their business responsibilities, and the more they will have available to invest in the productive system. On the other hand, a few years of making losses will drive the poorer forecasters and entrepreneurs out of business altogether and push them into the ranks of salaried employees.

*Economic Depressions: Their Cause and Cure*, pp. 16–17

Man is prone to error and even folly ...

*Economic Thought Before Adam Smith*, p. 9

... it is impossible for observers to predict voluntary social arrangements, including the provision of goods and services, on the free market.

*Libertarian Forum v. 1*, p. 536

... forecasts based on econometric mumbo-jumbo have done less well than simple extrapolation of trend! ...

Any schmo with a ruler can extrapolate trend, but the real trick in forecasting is to predict changes in trend, and that can be done neither with rulers nor with equations and computers. That's where all the errors come in.

So why are all the forecasts alike? Because there is security riding in packs. If all economists are wrong together, well that's the luck of the draw, and no one economist will be blamed by his clients. But if an economist is very different from his colleagues, and he's proved wrong, then he will lose clients in droves.

*Libertarian Forum v. 2*, p. 1073

... economists don't think anymore; they just plug in obsolescent numbers, and then wonder why their forecasts all go blooey.

*Making Economic Sense*, p. 22

Monetary profits come not simply from correct forecasting, but from forecasting more correctly than other individuals. ... since successful forecasters are, in effect, rewarded, and poor ones penalized, and in proportion to good and poor judgment respectively, the market tends to establish and maintain as high a quality of forecasting as is humanly possible to achieve.

*Man, Economy, and State with Power and Market*, p. 293

... the ever-present uncertainty of the future causes the more able forecasters to gain and the less able ones to lose.

*Man, Economy, and State with Power and Market*, p. 296

Better forecasters will earn profits, and poorer ones will suffer losses.

*Man, Economy, and State with Power and Market*, p. 297

... quality of judgment and accuracy of forecast play an enormous role in the incomes acquired by capitalists.

*Man, Economy, and State with Power and Market*, p. 510

... ability in entrepreneurial foresight will be assured as much as possible by the market's process of "selection" in "rewarding" good forecasters and "penalizing" poor ones proportionately.

*Man, Economy, and State with Power and Market*, p. 546

Since forecasting is the function of entrepreneurs, successful entrepreneurs will minimize their errors and hence their losses as well. As a result, any existing situation on the free market will tend to be the most desirable for the satisfaction of consumers' demands ...

*Man, Economy, and State with Power and Market*, p. 645

... the essence of human nature is that it cannot be considered as truly predictable; otherwise we should be dealing, not with free men, but with an ant heap.

*Man, Economy, and State with Power and Market*, p. 1336

## FOREIGN AID

One corollary of the libertarian policy of peaceful coexistence and nonintervention between States is the rigorous abstention from any foreign aid, aid from one State to another. For any aid given by State A to State B (1) increases the tax aggression against the people of country A, and (2) aggravates the suppression by State B of its own people.

*Ethics of Liberty*, p. 195

Stop all foreign aid.

*Irrepressible Rothbard*, p. 41

... “foreign aid,” essentially a vast racket ...

*Irrepressible Rothbard*, p. 143

... foreign aid is, in good part, a subsidy extracted from American taxpayers and handed over to favored, selected export firms.

*Strictly Confidential*, p. 206

## FOREIGN POLICY

In very few cases have these anti-interventionists favored literal “isolation”: what they have generally favored is political nonintervention in the affairs of other countries, coupled with economic and cultural internationalism in the sense of peaceful freedom of trade, investment, and interchange between the citizens of all countries. And this is the essence of the libertarian position as well.

*For a New Liberty*, p. 330

In a purely libertarian world, therefore, there would be no “foreign policy” because there would be no States, no governments with a monopoly of coercion over particular territorial areas.

*For a New Liberty*, p. 331

... libertarians desire to limit, to whittle down, the area of government power in all directions and as much as possible. ... the goal is to push back the role of government and to allow the voluntary and spontaneous energies of free persons full scope through peaceful interaction, notably in the free-market economy. In foreign affairs, the goal is the same: to keep government from interfering in the affairs of other governments or other countries. Political “isolationism” and peaceful coexistence — refraining from acting upon other countries — is, then, the libertarian counterpart to agitating for *laissez-faire* policies at home. The idea is to shackle government from acting abroad just as we try to shackle government at home. Isolationism or peaceful coexistence is the foreign policy counterpart of severely limiting government at home.

*For a New Liberty*, p. 331

What I am proposing is simply old-fashioned “isolationism” ...

*Irrepressible Rothbard*, p. 172

... just as government throwing money at social and economic problems only makes those problems worse, so the United States government is not able to cure all the ills of mankind.

*Irrepressible Rothbard*, p. 188

We are strongly opposed to foreign intervention or world government to impose human rights, even libertarian rights, on some foreign country. We believe that each nation should work out its own destiny.

*Irrepressible Rothbard*, p. 305

Libertarians have, at last, pretty much agreed upon “isolationism” — on the refusal to intervene in foreign wars — as the proper



libertarian foreign policy in a world in which nation-States continue to exist.

*Libertarian Forum v. 1, p. 413*

... interventionism is not only immoral and aggressive; it doesn't work. We must regain liberty at home, end all interventions in other countries, and return to the historic, forgotten "foreign policy" of serving as an example and a beacon-light of liberty to the rest of the suffering and strife-torn world.

*Libertarian Forum v. 1, p. 582*

... global intervention and collective security has only brought us endless war, mass murder, and great waste of resources.

*Libertarian Forum v. 2, p. 704*

Libertarians are opposed to mass murder, and so believe in a peaceful foreign policy, a policy designed to defend America only, and not to meddle in the affairs of every country around the globe.

*Libertarian Forum v. 2, p. 885*

... governments should be bound by the concept of asylum. Governments should not be able to extradite political dissidents to the tender mercies of another regime. ... So long as these territorial monopolies of force exist, they should be held strictly to the boundaries of their own territorial areas. Once let them try to extend their jurisdiction to other areas, and only perpetual wars can ensue ... we must try to limit these governments at least to their territorial area, to reduce government intervention to a minimum at home and abroad. Part of such a policy is for governments to take no sides in the internal quarrels of other nations, and to allow asylum once a foreign national and political dissident reaches its shores.

*Libertarian Forum v. 2, pp. 901–02*

The No. 1 priority for libertarians must always be foreign policy, a policy of peace, of militant opposition to war and foreign intervention.

*Libertarian Forum v. 2, p. 925*

... the reason for our policy of nonintervention is to avoid the high crime of mass murder ... Nonintervention is a principled position deriving from the nature of States and the avoidance of mass murder ...

*Libertarian Forum v. 2, p. 955*

... the best any nation can do — the best for the cause of liberty and the avoidance of mass murder — is to stay out of the fray. Neutrality, not “collective security,” becomes the crucial libertarian watchword for international relations.

*Libertarian Forum v. 2, p. 1020*

... while I would prefer unilateral disarmament to the monstrous *status quo*, these are not our only choices. For I vastly prefer mutual nuclear disarmament to unilateral; clearly the people of the world, their rights and liberties, would be far more secure under the former.

*Libertarian Forum v. 2, p. 1119*

Given the existence of the State, we must try to abolish, and if not abolish to limit and reduce, its internal power — its internal exercise of taxation, counterfeiting, police state aggression, controls, regulations, or whatever. And similarly, we must try to abolish its external power — its power over the citizens of other States. The criminal State must be reduced as much as we can everywhere — whether it be in its internal or external power. ...

Put another way, if we suffer from the very existence of States, we must at least see to it that the State confines itself to power over its own territorial area. At least let it not make things far worse and aggrandize State power everywhere by aggressing against the subjects of other States.

*Libertarian Forum v. 2, p. 1179*

... our national interest calls for the following policy: a program of world disarmament up to the point where isolationism again becomes militarily practical.

*Strictly Confidential, p. 324*

A return to old-fashioned isolationism, then, is paradoxically the only really practical foreign policy that we have.

*Strictly Confidential*, p. 326

## FRACTIONAL RESERVE BANKING

Banks are “inherently bankrupt” because they issue far more warehouse receipts to cash (nowadays in the form of “deposits” redeemable in cash on demand) than they have cash available. Hence, they are always vulnerable to bank runs. These runs are not like any other business failures, because they simply consist of depositors claiming their own rightful property, which the banks do not have. “Inherent bankruptcy,” then, is an essential feature of any “fractional reserve” banking system.

*America's Great Depression*, p. 15n11

... the clearest way of preventing inflation is to outlaw fractional-reserve banking, and to impose a 100 percent gold reserve to all notes and deposits. ... Fraud is equivalent to theft, for fraud is committed when one part of an exchange contract is deliberately not fulfilled after the other's property has been taken. Banks that issue receipts to non-existent gold are really committing fraud, because it is then impossible for all property owners (of claims to gold) to claim their rightful property. Therefore, prohibition of such practices would not be an act of government intervention in the free market; it would be part of the general legal defense of property against attack which a free market requires.

*America's Great Depression*, p. 27

... “fractional-reserve warehousing” is only a euphemism for fraud and embezzlement.

*Case Against the Fed*, p. 37

The entire system of fractional-reserve banking, therefore, is built on deceit, a deceit connived at by the legal system.

*Case Against the Fed*, p. 43

... issuing promises to pay on demand in excess of the amount of goods on hand is simply fraud, and should be so considered by the legal system. For this means that a bank issues “fake” warehouse receipts — warehouse receipts, for example, for ounces of gold that do not actually exist in the vaults. This is legalized counterfeiting; this is the creation of money without the necessity for production, to compete for resources against those who have produced. In short, I believe that fractional-reserve banking is disastrous both for the morality and for the fundamental bases and institutions of the market economy.

*Case for a 100 Percent Gold Dollar, p. 44*

... fractional reserve banking creates new money ...

*Case for a 100 Percent Gold Dollar, p. 46*

... if fractional-reserve banking is fraudulent, then it could be outlawed not as a form of administrative government intervention in the monetary system, but rather as part of the general legal prohibition of force and fraud.

*Case for a 100 Percent Gold Dollar, p. 51*

I therefore advocate as the soundest monetary system and the only one fully compatible with the free market and with the absence of force or fraud from any source a 100 percent gold standard. This is the only system compatible with the fullest preservation of the rights of property. It is the only system that assures the end of inflation and, with it, of the business cycle.

*Case for a 100 Percent Gold Dollar, p. 61*

... fractional-reserve banks, especially when organized under a central bank, can and do create and then destroy money, distort and impoverishing the public and the economy in their wake.

*Classical Economics, pp. 210–11*

... “false” demand liabilities which pretend to but cannot be converted into gold, since they go beyond the value of the gold stock, are in reality equivalent to fraud and theft.

*Classical Economics, p. 268*

... without fractional reserve banking, there will be no more booms and busts, no more terrible malinvestments, distortions, and shocks of euphoria and distress brought about by business cycles. Investment will be limited to voluntary savings, and therefore there will be no periodic outbreaks of unsound investments that will have to be liquidated by recession.

*Economic Controversies*, p. 217

... a genuine free market must be based on an absence of fraud or theft, whereas issuing demand liabilities in excess of assets is equivalent to a warehouse issuing fraudulent receipts to non-existing assets, and is therefore a species of fraud or embezzlement. ...

... bank notes or deposits are bailments and not debt ... therefore an issue of fractional reserve liabilities can only be a violation of the bailment contract.

*Economic Controversies*, pp. 879–80

... fractional reserve banking — now a system at the behest and direction of the Federal Reserve Banks — is, like fiat paper, legalized counterfeiting, the creation of claims which are invalid and impossible to redeem.

*Libertarian Forum v. 1*, p. 37

Banks make money by literally creating money out of thin air. ... This sort of swindle or counterfeiting is dignified by the term “fractional-reserve banking” ...

*Making Economic Sense*, pp. 279–80

... the entire fractional-reserve system is held together by lies and smoke and mirrors; that is, by an Establishment con.

... The banking system, in short, is a house of cards ...

... Banking is not a legitimate industry, providing legitimate service, so long as it continues to be a system of fractional-reserve banking ...

*Making Economic Sense*, p. 324

Fractional reserve banks are philosophically bankrupt because they are engaged in a gigantic con-game: pretending that your deposits are there to be redeemed at any time you wish, while actually lending them out to earn interest.

It is because fractional reserves are a giant con that these banks rely almost totally on public “confidence” ...

The entire industry rests on gulling the public, and making them think that their money is safe and that everything is OK; fractional-reserve banking is the only industry in the country that can and will collapse as soon as that “confidence” falls apart. Once the public realizes that the whole industry is a scam, the jig is up, and it goes crashing down; in short, the whole operation is done with mirrors, and falls apart once the public finds out the score.

*Making Economic Sense*, pp. 329–30

... increases in fiduciary or fiat media are acts of fraudulent intervention in the market, distorting voluntary preferences and the voluntarily determined pattern of income and wealth.

*Man, Economy, and State with Power and Market*, p. 1022

... fractional reserve banking is at one and the same time fraudulent and inflationary ...

*Mystery of Banking*, p. 97

Commercial banks — that is, fractional reserve banks — create money out of thin air. Essentially they do it in the same way as counterfeiters.

*Mystery of Banking*, p. 98

A bank’s assets are always “longer” than its liabilities, which are instantaneous. Put another way, a bank is always inherently bankrupt, and would actually become so if its depositors all woke up to the fact that the money they believe to be available on demand is actually not there.

*Mystery of Banking*, p. 99

... fractional reserve bank credit expansion is always shaky, for the more extensive its inflationary creation of new money, the more likely it will be to suffer contraction and subsequent deflation.

*Mystery of Banking*, p. 103

Bank runs instruct the public in the essential fraudulence of fractional reserve banking, in its essence as a giant Ponzi scheme in which a few people can redeem their deposits only because most depositors do not follow suit.

*Mystery of Banking*, p. 113

... fractional reserve banking expands money and credit ...

*Mystery of Banking*, p. 114

... “inelasticity” mean[s] the inability of the banking system to inflate money and credit ...

*Progressive Era*, p. 466

If fraud is to be proscribed in a free society, then fractional reserve banking would have to meet the same fate.

*What Has Government Done to Our Money?*, p. 44

... no fractional-reserve bank can redeem all of its liabilities ...

*What Has Government Done to Our Money?*, p. 65

## FRAUD

Surely the proper remedy for any fraud is the general law in defense of property rights.

*Case for a 100 Percent Gold Dollar*, p. 34

... “mail fraud” is scarcely violence ...

*Libertarian Forum v. 2*, p. 1135

... fraud may be considered as theft, because one individual receives the other’s property but does not fulfill his part of the exchange bargain ...

*Man, Economy, and State with Power and Market*, p. 176

Fraud involves cases where one party to an agreed-upon exchange deliberately refuses to fulfill his part of the contract.

*Man, Economy, and State with Power and Market*, p. 183

Fraud is implicit theft, because fraud entails the physical appropriation of someone else's property under false pretenses ...

*Man, Economy, and State with Power and Market*, p. 1344

## FREE BANKING

... free banking would come much closer to the 100 percent ideal than the system we now have.

*Case for a 100 Percent Gold Dollar*, p. 51

... if it is true that banks can do no wrong (at least in a convertible currency), that they cannot over-issue notes or over-expand credit, and that even if they did it could have no effect in raising prices or causing a business cycle, then why not adopt free banking?

*Classical Economics*, p. 245

... under free banking, any refusal whatever to pay in specie on demand must mean instant liquidation for the errant bank. Only then could a free banking system work.

*Classical Economics*, p. 267

... free-bankers must then be willing to accept the legality of every person and every bank issuing outright forgeries or counterfeits and simply printing paper dollar bills, which would not be illegal if some "reserve" or other in genuine bills were actually maintained.

*Economic Controversies*, p. 212

... there is less chance for bank-credit expansion in the absence of a central bank to supply reserves and to be a lender of last resort.

*Economic Controversies*, p. 705



... we call for abolition of the Federal Reserve and a return to some form of free banking ...

*Economic Controversies*, p. 771

Without the State to create the conditions and coercions for continued inflation, attempts at inflation and credit expansion could not succeed on the free market.

*Egalitarianism as a Revolt Against Nature*, p. 216

Free competition can and generally will result in banks voluntarily keeping higher reserve ratios. But a uniform legal requirement will tend to push all the banks down to that minimum ratio.

*History of Money and Banking in the United States*, p. 143

... under free competition, and without government support and enforcement, there will only be limited scope for fractional-reserve counterfeiting.

*Making Economic Sense*, p. 281

To save our economy from destruction and from the eventual holocaust of run away inflation, we the people must take the money-supply function back from the government. ... money must be returned to the market economy, with all monetary functions performed within the structure of the rights of private property and of the free-market economy. ...

Our goal may be summed up simply as the privatization of our monetary system, the separation of government from money and banking.

*Making Economic Sense*, p. 285

... there is no question that, from the point of view of opponents of inflation and credit expansion, free banking is superior to a central banking system ...

*Man, Economy, and State with Power and Market*, p. 1013

... under free banking, banks are totally free, even to engage in fractional reserve banking, but they must redeem their notes or

demand deposits on demand, promptly and without cavil, or otherwise be forced to close their doors and liquidate their assets.

*Mystery of Banking*, p. 111

Free banking, even where fractional reserve banking is legal and not punished as fraud, will scarcely permit fractional reserve inflation to exist, much less to flourish and proliferate. Free banking, far from leading to inflationary chaos, will insure almost as hard and noninflationary a money as 100 percent reserve banking itself.

*Mystery of Banking*, p. 117

... while a bank cartel is logically possible under free banking, it is in fact highly unlikely to succeed.

*Mystery of Banking*, p. 123

... free banking would lead to hard money and allow very little bank credit expansion and fractional reserve banking.

*Mystery of Banking*, p. 124

... a crucial aspect of the free banking model is that the moment a bank cannot pay its notes or deposits in specie, it must declare bankruptcy and close up shop.

*Mystery of Banking*, p. 197

... there are three great checks on the power of any bank to inflate under a “free-banking” system: (1) the extent of the clientele of each bank; (2) the extent of the clientele of the whole banking system, i.e., the extent to which people use money-substitutes; and (3) the confidence of the clients in their banks.

*What Has Government Done to Our Money?*, p. 65

## FREE MARKET

... we must take the radical step of getting the government out of the economic picture, of separating government completely from

the money supply and the economy, and advancing toward a truly free and unhampered market and enterprise economy.

*America's Great Depression*, p. xxix

... my own policy goal is the establishment of the free market, of what used to be called *laissez-faire* ...

*Case for a 100 Percent Gold Dollar*, p. 20

The “market” is individuals acting.

*Economic Controversies*, p. 15

... a “free market” necessarily implies total respect for and protection of private property.

*Economic Controversies*, p. 216

... the free-market economy, as complex as the system appears to be on the surface, is yet nothing more than a vast network of voluntary and mutually agreed upon two-person or two-party exchanges of property titles ...

*Economic Controversies*, p. 359

... the free market is an interconnected web or lattice-work; it is made of innumerable parts which intricately mesh together through a network of producers and entrepreneurs exchanging property titles, motivated by a search for profits and avoidance of losses, and calculating by means of a free price system.

*Economic Controversies*, p. 434

The free market is a vast latticework of two-person (or two-group) exchanges, an array of mutually beneficial exchanges up and down and across the structure of production.

*Economic Controversies*, p. 456

... the free market is the method and society “natural” to man ...

*Economic Controversies*, p. 657

... in the free market of voluntary exchanges, the “strong” do no devour or crush the “weak,” contrary to common assumptions about the nature of the free-market economy. On the contrary, it is precisely on the free market where the “weak” reap the advantages of productivity because it benefits the “strong” to exchange with them.

*Ethics of Liberty*, p. 36

The essence and the glory of the free market is that individual firms and businesses, competing on the market, provide an ever-changing orchestration of efficient and progressive goods and services ...

*For a New Liberty*, p. 242

... I had always believed in the free market ...

*Left and Right*, p. 360

The market works, and works beautifully.

*Libertarian Forum v. 1*, p. 465

... the market contains a framework for noncoercive ends ...

*Libertarian Forum v. 2*, p. 715

Free markets, not only the long run but often in the short run, will triumph over government power.

*Making Economic Sense*, p. 306

The network of voluntary interpersonal exchanges forms a society; it also forms a pattern of interrelations known as the market. A society formed solely by the market has an unhampered market, or a free market, a market not burdened by the interference of violent action.

*Man, Economy, and State with Power and Market*, pp. 90–91

... the contractual society of the market is a genuinely cooperative society. Each person specializes in the task for which he is best fitted, and each serves his fellow men in order to serve himself in

exchange. Each person, by producing for exchange, cooperates with his fellow men voluntarily and without coercion.

*Man, Economy, and State with Power and Market*, pp. 99–100

... the condition of a free market is that each individual's rights of person and property be maintained ...

*Man, Economy, and State with Power and Market*, p. 178

... a free market tends to lead to abundance for all of its participants ... it is the free market in a free society that furnishes the only instrument to reduce or eliminate poverty and provide abundance.

*Man, Economy, and State with Power and Market*, p. 340

... a free market will, as far as the knowledge and foresight of entrepreneurs permit, produce so that factors are best allocated to satisfy the wishes of consumers.

*Man, Economy, and State with Power and Market*, p. 546

... the free market always tends to establish the most efficient and profitable type of production.

*Man, Economy, and State with Power and Market*, p. 613

In this world, there are two, and only two, ways to settle what the prices of goods will be. One is the way of the free market, where prices are set voluntarily by each of the participating individuals. In this situation, exchanges are made on terms benefiting all the exchangers. The other way is by violent intervention in the market, the way of hegemony as against contract. Such hegemonic establishment of prices means the outlawing of free exchanges and the institution of exploitation of man by man — for exploitation occurs whenever a coerced exchange is made. If the free-market route — the route of mutual benefit — is adopted, then there can be no other criterion of justice than the free-market price ... In the free market, consumers and producers adjust their actions in voluntary cooperation.

*Man, Economy, and State with Power and Market*, pp. 635–36

... only the free market can allocate resources to serve the consumer ...

*Man, Economy, and State with Power and Market*, p. 640

... no man-made actions can improve the satisfaction of consumer demand more than is being done on the unhampered market. ...

Economics demonstrates that individuals, entering into mutual relations in a free market in a free society — and only in such relations — can provide abundance for themselves and for the entire society.

*Man, Economy, and State with Power and Market*, p. 654

The purely free market is, by definition, one where theft and fraud (implicit theft) are illegal and do not exist.

*Man, Economy, and State with Power and Market*, p. 803

... when the society is free and there is no intervention, everyone will always act in the way that he believes will maximize his utility, i.e., will raise him to the highest possible position on his value scale. In short, everyone's utility *ex ante* will be "maximized" (provided we take care not to interpret "utility" in a cardinal manner). Any exchange on the free market, indeed any action in the free society, occurs because it is expected to benefit each party concerned. If we may use the term "society" to depict the pattern, the array, of all individual exchanges, then we may say that the free market maximizes social utility, since everyone gains in utility from his free actions.

*Man, Economy, and State with Power and Market*, p. 879

... the purely free market is an array of voluntary exchanges between sets of two persons.

*Man, Economy, and State with Power and Market*, p. 884

... voluntary action — free exchange — leads to the mutual benefit of both parties to the exchange. ... the network of these free exchanges in society — known as the "free market" — creates a delicate and even awe-inspiring mechanism of harmony, adjust-

ment, and precision in allocating productive resources, deciding upon prices, and gently but swiftly guiding the economic system toward the greatest possible satisfaction of the desires of all the consumers. In short, not only does the free market directly benefit all parties and leave them free and uncoerced; it also creates a mighty and efficient instrument of social order.

*Man, Economy, and State with Power and Market*, p. 1024

... the workings of the voluntary principle and of the free market lead inexorably to freedom, prosperity, harmony, efficiency, and order ...

*Man, Economy, and State with Power and Market*, p. 1025

... the free market maximizes social utility.

*Man, Economy, and State with Power and Market*, p. 1061

... the free market is a society in which all exchange voluntarily. It may most easily be conceived as a situation in which no one aggresses against person or property. In that case, it is obvious that the utility of all is maximized on the free market.

*Man, Economy, and State with Power and Market*, p. 1067

... the free market contains a smooth, efficient mechanism for bringing anticipated, *ex ante* utility into the realization of *ex post*. The free market always maximizes *ex ante* social utility as well. ...

... the free market always benefits every participant, and it maximizes social utility *ex ante*; it also tends to do so *ex post*, since it works for the rapid conversion of anticipations into realizations.

*Man, Economy, and State with Power and Market*, p. 1073

... the free-market process benefits all participants on the market and increases social utility ... the “distributional” results of the free market — the pattern of income and wealth — also increases social utility and, in fact, maximizes it at any given time.

*Man, Economy, and State with Power and Market*, p. 1155

The economic case for the free market is that market allocations tend at all points to be optimal with respect to consumer desires.

*Man, Economy, and State with Power and Market*, p. 1170

On the market people act freely in those ways which they believe will confer net benefits upon them. The result of these actions is the monetary exchange system, with its inexorable tendency toward uniform pricing and the allocation of productive factors to satisfy the most urgent demands of all the consumers.

*Man, Economy, and State with Power and Market*, p. 1236

... the purely free market maximizes social utility, because every participant in the market benefits from his voluntary participation. On the free market, every man gains; one man's gain, in fact, is precisely the consequence of his bringing about the gain of others.

*Man, Economy, and State with Power and Market*, p. 1363

The unhampered market is free of self-created economic problems; it furnishes the greatest abundance consistent with man's command over nature at any given time.

*Man, Economy, and State with Power and Market*, p. 1367

... the free market is (1) what men have turned to when they have been allowed freedom of choice, and (2) what men should turn to if they are to enjoy the full stature of men, if they are to satisfy their wants, and mold nature to their purposes. For it is the market that brings us the standard of living of civilization.

... The principle of the free market is voluntary exchange for mutual benefit. This mutual benefit constitutes gain. The free market is, in fact, that interpersonal relationship which does insure mutual benefit by all relating parties.

*Rothbard vs. the Philosophers*, p. 131

## FREE RIDERS

... the free-rider argument proves far too much. After all, civilization itself is a process of all of us "free-riding" on the achievements



of others. We all free-ride, every day, on the achievements of Edison, Beethoven, or Vermeer. When capital investment increases, and technology improves, the real wages of workers and the standard of living of consumers increase, even though they have contributed nothing to these advances. By simply continuing to work and consume, laborers and consumers receive the benefits of the inventions and investments of others without paying for them. So what must we infer from this? Are we all to wear sackcloth and ashes? If our neighbors are wiser, prettier, or happier, we all benefit in countless ways. So what must we do about it? Must we all be taxed to subsidize their beauty and wisdom?

*Economic Controversies*, pp. 478–79

... there is no way that government can either identify the free riders or the “negative free riders,” or to discover how much benefit each person would derive from the subsidized supply and therefore how much each person should be taxed.

*Economic Controversies*, p. 480

We are all, therefore, free riders on the past. We are also free riders on the present, because we benefit from the continuing investment of our fellow men and from their specialized skills on the market.

*Man, Economy, and State with Power and Market*, p. 1038

## FREE SPEECH

“Inciting to riot,” therefore, is a pure exercise of a man’s right to speak without being thereby implicated in crime.

*Ethics of Liberty*, p. 81

No man should have the right to force anyone else to speak on any subject. The familiar prohibition against coerced self-incrimination is all very well, but it should be extended to preserving the right not to incriminate anyone else, or indeed to say nothing at all. The freedom to speak is meaningless without the corollary freedom to keep silent.

*Ethics of Liberty*, p. 83

... a person does not have a “right to freedom of speech”; what he does have is the right to hire a hall and address the people who enter the premises.

*Ethics of Liberty*, p. 113

Only when the “right to free speech” is treated simply as a subdivision of property right does it become valid, workable, and absolute.

*Ethics of Liberty*, p. 116

... problems which seemingly require “freedom of speech” to be less than absolute, are actually problems due to the failure to define property rights.

*Ethics of Liberty*, p. 117

The human right of free speech is simply the property right to hire an assembly hall from the owners, or to own one oneself ...

*For a New Liberty*, p. 52

... “freedom of speech” cannot be upheld as an absolute except as it is subsumed under the general rights of property of the individual (emphatically including property right in his own person). Thus, the man who shouts “fire” in a crowded theater has no right to do so because he is aggressing against the contractual property rights of the theater owner and of the patrons of the performance.

Aside from invasions of property, however, freedom of speech will necessarily be upheld to the uttermost by every libertarian. Freedom to say, print, and sell any utterance becomes an absolute right, in whatever area the speech or expression chooses to cover.

*For a New Liberty*, p. 115

... “incitement” can only be considered a crime if we deny every man’s freedom of will and choice ...

*For a New Liberty*, p. 116

People should be free to speak, but this does not mean they must be shielded from the consequences of such speech.

*Irrepressible Rothbard*, p. 30

... all libertarians deplore any physical assault upon the exercise of free speech ...

*Libertarian Forum v. 1*, p. 196

... no one has the free-speech right to burst into your home and harangue you about politics.

“The right to freedom of speech” really means the right to hire a hall and expound your views; the “right to freedom of press” (where, as we have seen, speech and action clearly cannot be separated) means the right to print a pamphlet and sell it. In short, free speech or free press rights are a subset, albeit an important one, of the rights of private property: the right to hire, to own, to sell.

*Making Economic Sense*, p. 115

Freedom of speech is supposed to mean the right of everyone to say whatever he likes. But the neglected question is: Where? Where does a man have this right? He certainly does not have it on property on which he is trespassing. In short, he has this right only either on his own property or on the property of someone who has agreed, as a gift or in a rental contract, to allow him on the premises. In fact, then, there is no such thing as a separate “right to free speech”; there is only a man’s property right: the right to do as he wills with his own or to make voluntary agreements with other property owners.

*Man, Economy, and State with Power and Market*, p. 1338

## FREE TRADE

... true freedom of trade does require an international commodity money ...

*Case for a 100 Percent Gold Dollar*, p. 60

... free trade between nations is advantageous to all the participants ...

*Classical Economics*, p. 15

... free trade and free markets, and international peace, go hand in hand ...

*Economic Thought Before Adam Smith*, p. 334

It is best for all of us, in all countries of the world, to have each country and territorial area, and each of the individuals and firms within such areas, specialize in the production of what each is relatively most efficient at producing, and then selling those products in exchange for the most efficient products of other firms and countries. In short, it is best for all of us to allow the free market, and the international division of labor, to operate across international boundaries ("freedom of trade"). Furthermore, economics shows us that even if another country places artificial barriers on trade, it is still better for us as consumers to allow free trade; any sort of retaliatory tariffs, quotas, or enforced cartels only cut off our noses to spite our faces.

*Libertarian Forum v. 1*, p. 534

... genuine free trade requires no negotiations, treaties, super-power creations, or presidential jetting abroad. All it requires is for the United States to cut tariffs and quotas, as well as taxes and regulations. Period. And yes, unilaterally. No other nations or governments need get into the act.

*Making Economic Sense*, p. 369

... genuine free trade doesn't require a treaty ... If the Establishment truly wants free trade, all it has to do is to repeal our numerous tariffs, import quotas, anti-"dumping" laws, and other American-imposed restrictions on trade. No foreign policy or foreign maneuvering is needed.

*Making Economic Sense*, p. 371

## FREEDOM

... all men must have freedom so that reason, which naturally inclines men to live together in peace, justice, and cooperation, can remain free and unhampered.

*Conceived in Liberty v. 1*, p. 29; p. 19

... make all markets free and legal.

*Economic Controversies*, p. 437

Individual human beings are not born or fashioned with fully formed knowledge, values, goals, or personalities; they must each form their own values and goals, develop their personalities, and learn about themselves and the world around them. Every man must have freedom, must have the scope to form, test, and act upon his own choices, for any sort of development of his own personality to take place. He must, in short, be free in order that he may be fully human. ... The freer the society, of course, the less has been the interference with individual actions, and the greater the scope for the development of each individual. The freer the society, then, the greater will be the variety and the diversity among men, for the more fully developed will be every man's uniquely individual personality. On the other hand, the more despotic the society, the more restrictions on the freedom of the individual, the more uniformity there will be among men and the less the diversity, and the less developed will be the unique personality of each and every man. In a profound sense, then, a despotic society prevents its members from being fully human.

*Economic Controversies*, p. 601

Freedom, then, is needed for the development of the individual, and such development also depends upon the extent of the division of labor and the height of the standard of living. The developed economy makes room for, and encourages, an enormously greater specialization and flowering of the powers of the individual than can a primitive economy, and the greater the degree of such development, the greater the scope for each individual.

*Economic Controversies*, p. 605

... only the free man can be fully individuated and, therefore, can be fully human.

... freedom and its concomitant, the widening of the division of labor, are vital for the flowering of the individual.

*Economic Controversies*, p. 606

Why not try freedom?

*Economic Controversies*, p. 742

The individual man, in introspecting the fact of his own consciousness, also discovers the primordial natural fact of his freedom: his freedom to choose, his freedom to use or not use his reason about any given subject. In short, the natural fact of his “free will.” He also discovers the natural fact of his mind’s command over his body and its actions: that is, of his natural ownership over his self.

*Ethics of Liberty*, p. 31

... the very fact that the knowledge needed for man’s survival and progress is not innately given to him or determined by external events, the very fact that he must use his mind to learn this knowledge, demonstrates that he is by nature free to employ or not to employ that reason — i.e., that he has free will.

*Ethics of Liberty*, p. 31

The regime of pure liberty — the libertarian society — may be described as a society where no ownership titles are “distributed,” where, in short, no man’s property in his person or in tangibles is molested, violated, or interfered with by anyone else. But this means that absolute freedom, in the social sense, can be enjoyed. ... Absolute freedom, then, need not be lost as the price we must pay for the advent of civilization; men are born free, and need never be in chains. Man may achieve liberty and abundance, freedom and civilization.

*Ethics of Liberty*, p. 41

What is there left to try but freedom?

*Ethics of Liberty*, p. 272

Freedom is a condition in which a person’s ownership rights in his own body and his legitimate material property are not invaded, are not aggressed against. ... Freedom and unrestricted property right go hand in hand.

*For a New Liberty*, p. 50

Once the public had tasted the joys, prosperity, freedom, and efficiency of a libertarian, State-less society, it would be almost impossible for a State to fasten itself upon them once again. Once freedom has been fully enjoyed, it is no easy task to force people to give it up.

*For a New Liberty*, p. 294

... it is impossible to really defend freedom and the free market without insisting on defending the rights of private property.

*For a New Liberty*, p. 325

... only freedom and a free market can run an industrial economy.  
... the world will have to adopt freedom and the free market as the requisite for industry to survive and flourish.

*For a New Liberty*, p. 395

... freedom of action is precisely one of the doctrines championed by the individualist believers in the free market and the free society.

*Left and Right*, p. 501

... freedom is indivisible ... the willingness to sanction the loss of freedom in one area means that other areas inevitably are abandoned.

*Libertarian Forum v. 1*, p. 130

Human progress and freedom go hand in hand.

*Making Economic Sense*, p. 201

... freedom, and the growth of industry and standards of living for all, must go hand in hand.

*Making Economic Sense*, p. 414

... you can't have economic freedom and private property without intellectual and political freedom ...

*Making Economic Sense*, p. 415

... political and economic freedom are inseparable.

*Making Economic Sense*, p. 418

Freedom from violence implies that no one may seize the property of another by means of violence or the threat of violence and that each person's property is safe, or "secure," from such aggression.

*Man, Economy, and State with Power and Market*, p. 92

"Sovereignty" is the quality of ultimate political power; it is the power resting on the use of violence. In a purely free society, each individual is sovereign over his own person and property, and it is therefore this self-sovereignty which obtains on the free market. No one is "sovereign" over anyone else's actions or exchanges.

*Man, Economy, and State with Power and Market*, p. 630

... the free market does not mean freedom to commit fraud or any other form of theft. Quite the contrary.

*Man, Economy, and State with Power and Market*, p. 811

There are two and only two ways that any economy can be organized. One is by freedom and voluntary choice — the way of the market. The other is by force and dictation — the way of the State.

*Man, Economy, and State with Power and Market*, p. 958

... "freedom" refers to absence of molestation by other persons; it is purely an interpersonal problem.

*Man, Economy, and State with Power and Market*, p. 1319

I consider one of the glories of economic freedom and individualism (not rugged, but humane) the ever-growing standard of living, the magnificent increase in opportunities for leisure, and the development of life-giving modern medicine.

*Rothbard vs. the Philosophers*, p. 55

... monetary freedom creates no difficulties.

*What Has Government Done to Our Money?*, p. 43



## FREEDOM OF THE PRESS

... a person ... does not have a “right to freedom of the press”; what he does have is the right to write or publish a pamphlet, and to sell that pamphlet to those who are willing to buy it (or to give it away to those who are willing to accept it).

*Ethics of Liberty*, pp. 113–14

The human right of a free press depends upon the human right of private property in newsprint.

... the human right of a free press is the property right to buy materials and then print leaflets or books and to sell them to those who are willing to buy.

*For a New Liberty*, p. 52

An abstract constitution guaranteeing “freedom of press” is meaningless in a socialist society.

*For a New Liberty*, p. 121

Whether or not watching violence on television helps lead to actual crimes should not come under the purview of the State. To outlaw violent films because they might someday induce someone to commit a crime is a denial of man’s free will, and a total denial, of course, of the right of those who will not commit crimes to see the film. But more important, it is no more justifiable — in fact, less so — to outlaw violent films for this reason than it would be, as we have noted, to lock up all teenage Negro males because they have a greater tendency to commit crime than the rest of the population.

*For a New Liberty*, p. 128

... the “human right” of a free press would be only a mockery in a socialist country, where the State owns and decides upon the allocation of newsprint and other newspaper capital.

*Man, Economy, and State with Power and Market*, p. 1337

## FRIEDMAN, MILTON

The leading extreme positivist in economics, Milton Friedman, goes so far as to extol the use of admittedly false premises in the theory, since, according to Friedman, the only test of a theory is whether it predicts successfully.

*Economic Controversies*, p. 45n13

What Milton Friedman did was to import into economics the doctrine that had dominated philosophy for over a decade, namely logical positivism.

*Economic Controversies*, p. 132

He who lives by prediction is destined to die by prediction.

*Economic Controversies*, p. 133

... Milton Friedman has lately defended bimetallism ...

*Economic Controversies*, p. 206n64

Milton Friedman and the economists of the “Chicago School” advocate, indeed, a totally fiat paper money, manufactured by government and cut loose entirely from any vestigial connection with gold and silver.

*Economic Controversies*, p. 711

... in pursuit of his lifelong hatred of gold, Milton Friedman seems willing to embrace virtually any alternative, including bimetallism

...

*Economic Controversies*, p. 883

Milton Friedman is the Establishment’s Court Libertarian, and it is high time that libertarians awaken to this fact of life.

*Economic Controversies*, p. 895

... only appears to be a free-marketeer because the remainder of the profession has shifted radically leftward and stateward in the meanwhile.

*Economic Controversies*, p. 896

In common with their Keynesian colleagues, the Friedmanites wish to give to the central government absolute control over ... macro areas, in order to manipulate the economy for social ends, while maintaining that the micro world can still remain free. In order to manipulate the economy for social ends, while maintaining that the micro world can still remain free. In short, Friedmanites as well as Keynesians concede the vital macro sphere to statism as the supposedly necessary framework for the micro-freedom of the free market.

*Economic Controversies*, p. 898

One of Friedman's most disastrous deeds was the important role he proudly played, during World War II in the Treasury Department, in foisting upon the suffering American public the system of the withholding tax.

*Economic Controversies*, p. 899

The single most disastrous influence of Milton Friedman has been a legacy from his old Chicagoite egalitarianism: the proposal for a guaranteed annual income to everyone through the income tax system ...

In this catastrophic scheme, Milton Friedman has once again been guided by his overwhelming desire not to remove the State from our lives, but to make the State more efficient. He looks around at the patchwork mess of local and state welfare systems, and concludes that all would be more efficient if the whole plan were placed under the federal income tax rubric and everyone were guaranteed a certain income floor. More efficient, perhaps, but also far more disastrous ...

*Economic Controversies*, pp. 899–90

... the key problem with Friedman's Fisherine approach is the same orthodox separation of the micro and macro spheres ...

*Economic Controversies*, p. 904

... Friedman attributes the 1929 depression not to the preceding inflation boom but to the failure of the post-Strong Federal

Reserve to inflate the money supply enough before and during the depression.

... while Milton Friedman has performed a service in bringing back to the notice of the economics profession the overriding influence of money and the money supply on business cycles, we must recognize that this “purely monetarist” approach is almost the exact reverse of the sound — as well as truly free-market — Austrian view. For while the Austrians hold that Strong’s monetary expansion made a later 1929 crash inevitable, Fisher-Friedman believe that all the Fed needed to do was to pump more money in to offset any recession. Believing that there is no causal influence running from boom to bust ...

*Economic Controversies*, p. 906

... Milton Friedman is, purely and simply, a statist-inflationist, albeit a more moderate inflationist than most of the Keynesians. But that is small consolation indeed, and hardly qualifies Friedman as a free-market economist in this vital area.

*Economic Controversies*, p. 907

... Milton Friedman is a radical advocate of cutting all current ties, however weak, with gold, and going onto a total and absolute fiat dollar standard, with all control vested in the Federal Reserve System. Of course, Friedman would then advise the Fed to use that absolute power wisely, but no libertarian worth the name can have anything but contempt for the very idea of vesting coercive power in any group and then hoping that such group will not use its power to the utmost. The reasons that Friedman is totally blind to the tyrannical and despotic implications of his fiat money scheme is, once again, the arbitrary Chicagoite separation between the micro and the macro, the vain, chimerical hope that we can have totalitarian control of the macro sphere while the “free market” is preserved in the micro. It should be clear by now that this kind of a truncated, Chicagoite micro-“free market” is “free” only in the most mocking and ironic sense: it is far more the Orwellian “freedom” of “Freedom is Slavery.”

*Economic Controversies*, p. 908

The philosophical absurdity of the Friedmanite plan of each government providing its own fiat money, cut loose from all others, can be seen clearly if we consider what would happen if every region, every province, every state, nay every borough, county, town, village, block, house, or individual would issue its own money, and we then had, as Friedman envisions, freely fluctuating exchange rates between all these millions of currencies. The ensuing chaos would stem from the destruction of the very concept of money — the entity that serves as a general medium for all exchanges on the market. Philosophically, Friedmanism would destroy money itself, and reduce us to the chaos and primitivism of the barter system.

*Economic Controversies*, p. 909

One of Friedman's crucial errors in his plan of turning all monetary power over to the State is that he fails to understand that this scheme would be inherently inflationary. For the State would then have in its complete power the issuance of as great a supply of money as it desired.

*Economic Controversies*, p. 909

... Friedman's pernicious influence has been in trying to make an inefficient State operation far more efficient ...

*Economic Controversies*, p. 910

... Friedman maintains that it is legitimate for the government to interfere with the free market whenever anyone's actions have "neighborhood effect." ...

... In reality, this argument could be used to justify almost any intervention, and subsidy and tax scheme.

*Economic Controversies*, p. 910

... it is difficult to consider him a free-market economist at all.

*Economic Controversies*, p. 911

It is high time to identify Milton Friedman for what he really is. It is high time to call a spade a spade, and a statist a statist.

*Economic Controversies*, p. 912

Professor Milton Friedman ... holds to freedom as against State intervention as a general tendency, but in practice allows a myriad of damaging exceptions, exceptions which serve to vitiate the principle almost completely, notably in the fields of police and military affairs, education, taxation, welfare, “neighborhood effects,” anti-trust laws, and money and banking.

*For a New Liberty*, pp. 31–32

Yes, under cover of the free enterprise rhetoric, Uncle Miltie is a crank. Invariably, when the State has really been fouling things up, when its own created messes have brought insuperable problems that have threatened to bring much of the State system tumbling down, Milton Friedman has ridden to the State’s rescue with some crank scheme that has managed to befuddle the issue and to save the State’s bacon, at least for a good while. With friends and champions like that, the free market economy hardly needs any enemies.

*Libertarian Forum v. 1*, p. 470

Milton has always been at his weakest in the area of money — and has typically spent most of his time and energy in this particular field. In the first place, he has always been soft on inflation, taking the position that: who cares about inflation so long as there are no price or wage controls to distort the allocation of resources? He has long sneered at gold as money, and has advocated the total control of the money supply by the central government, in the form of fiat paper.

*Libertarian Forum v. 1*, p. 470

... Friedmanism is being used as a free-market cloak for state despotism. Such is the tragedy that must result when “free-market” economists attempt to influence the State from above, and to become efficiency experts for despotism.

*Libertarian Forum v. 1*, p. 582

... Friedmanism descends to being an efficiency expert for statism.

*Libertarian Forum v. 2*, p. 772

## FUTURE

... Man knows a lot; but he does not know everything and he must try to estimate the future ...

*Economic Controversies*, p. 174

All action aims at rendering conditions at some time in the future more satisfactory for the actor than they would have been without the intervention of the action.

*Man, Economy, and State with Power and Market*, p. 4

## GAMBLING

There are few laws more absurd and iniquitous than the laws against gambling.

*For a New Liberty*, p. 134

A standard argument for outlawing gambling is that, if the poor workman is allowed to gamble, he will improvidently blow his weekly paycheck and thereby render his family destitute. Aside from the fact that he can now spend his payroll on friendly betting, this paternalistic and dictatorial argument is a curious one. For it proves far too much: If we must outlaw gambling because the masses might spend too much of their substance, why should we not outlaw many other articles of mass consumption? After all, if a workman is determined to blow his paycheck, he has many opportunities to do so: he can improvidently spend too much on a TV set, a hi-fi, liquor, baseball equipment, and countless other goodies. The logic of prohibiting a man from gambling for his own or his family's good leads straight to that totalitarian cage, the cage in which Pappa Government tells the man exactly what to do, how to spend his money, how many vitamins he must ingest, and forces him to obey the State's dictates.

*For a New Liberty*, pp. 135–36

There is a distinction between gambling and betting. Gambling refers to wagering on events of class probability, such as throws of dice, where there is no knowledge of the unique event. Betting

refers to wagering on [a] unique event about which both parties to the bet know something — such as a horse race or a Presidential election. In either case, however, the wagerer is creating a new risk or uncertainty.

*Man, Economy, and State with Power and Market*, p. 555n44

## GOLD

Gold is simply the monetary medium, and the duty of government is to leave the people free to do with the gold as they see fit. It is therefore its corollary duty not to inflate the money supply beyond the gold stock or to stimulate and encourage such inflation.

*America's Great Depression*, p. 148

... gold, that scarce and valuable market-produced metal, has always been, and will continue to be, by far the best money for human society.

*Case for a 100 Percent Gold Dollar*, p. 17

... our modern national moneys emerged originally from gold and silver ...

*Case for a 100 Percent Gold Dollar*, p. 31

Governments have persistently tried their best to promote, encourage, and expand the circulation of bank and government paper, and to discourage the people's use of gold itself.

*Case for a 100 Percent Gold Dollar*, p. 39

... gold (as well as silver) is uniquely suitable as a monetary commodity ...

*Economic Controversies*, p. 703

Over the centuries of civilization, gold and silver have been the leading commodities to be thus established as moneys.

*Economic Controversies*, p. 709



Without gold, without an international money, the world is destined to stumble into one accelerated monetary crisis after another ...

*Economic Controversies*, p. 753

Originally, the dollar, along with every national currency, was simply defined as a definite unit of weight of gold or silver.

*Economic Controversies*, p. 887

Specie standards, whether gold or silver, have been virtually coextensive with the history of civilization.

*History of Money and Banking in the United States*, p. 352

... the only genuine money is gold.

*Irrepressible Rothbard*, p. 118

... a rise in the price of gold would bring gold back more strongly into the international scene. It would hinder the long-run aim of the Establishment to abandon gold altogether. ...

... the Establishment is interested, not in maximizing economic freedom ... but in abolishing gold altogether to pave the way for unchallenged fiat paper. ... The outlawry of gold is a vital step on the road to unchecked government control of money and toward unchecked paper inflation.

*Libertarian Forum v. 1*, p. 247

... most urgent monetary task: getting the dollar, pound, etc., out of the hands of government and into the hands of the people and the free market. In short, we must denationalize the dollar; we must get the government out of the dollar business. And that can only be done by restoring the status of the dollar (and the pound, franc, etc.) to its original role as a unit of weight of gold. Only a return to the dollar as a unit of gold can denationalize the dollar and other contemporary currencies and return their supply and regulation to the private market, to the mining of gold.

*Libertarian Forum v. 2*, p. 993

The most important aspect of the gold problem is how we answer this seemingly simple but vital question: Whom do we trust, the people or the government?

*Libertarian Forum v. 2, p. 1011*

No one says that gold is an abstractly “perfect” money, whatever that may be. It is far more trustworthy, however, than government.

*Libertarian Forum v. 2, p. 1012*

... governments need a leash, a tight rein, in order to cease their counterfeiting and inflationary activities. ... we always need a checkrein on government, in all areas. In the monetary area, the best checkrein is one wielded not by government itself but by the people themselves through being able to redeem their dollars whenever they wish in gold coin.

*Libertarian Forum v. 2, p. 1017*

The great thing about gold is that it, and only it, is money supplied by the free market, by the people at work. For the stark choice before us always is: gold (or silver), or government.

*Making Economic Sense, p. 273*

It is curious that, even though the Fed and the government Establishment continually proclaim the obsolescence and worthlessness of gold as a monetary metal, the Fed (as well as all other central banks) clings to its gold for dear life.

*Making Economic Sense, p. 286*

It is vitally important to denationalize the U.S. gold stock by returning it to private hands.

*Making Economic Sense, p. 345*

In all countries and all civilizations, two commodities have been dominant whenever they were available to compete as moneys with other commodities: gold and silver.

*Mystery of Banking, p. 8*

Through the centuries, two commodities, gold and silver, have emerged as money in the free competition of the market ... the free market has found gold and silver to be the most efficient moneys.

*What Has Government Done to Our Money?*, p. 8

Gold, like other commodities, will be traded in units of weight.

*What Has Government Done to Our Money?*, p. 12

In a purely free market, gold would simply be exchanged directly as “grams,” grains, or ounces, and such confusing names as dollars, francs, etc., would be superfluous.

*What Has Government Done to Our Money?*, p. 14

Silver and gold could easily circulate side by side ...

*What Has Government Done to Our Money?*, p. 34

... depreciation is highly embarrassing to the government. ... The existence of gold in the economy is a constant reminder of the poor quality of the government paper, and it always poses a threat to replace the paper as the country's money. Even with the government giving all the backing of its prestige and its legal tender laws to its fiat paper, gold coins in the hands of the public will always be a permanent reproach and menace to the government's power over the country's money.

*What Has Government Done to Our Money?*, pp. 79–80

## GOLD STANDARD

... the issue is a stark one: we can either return to gold or we can pursue the fiat path and return to barter. It is perhaps not hyperbole to say that civilization itself is at stake in our decision.

*Case for a 100 Percent Gold Dollar*, p. 61

To work, a gold standard must, of course, be truly in effect — in practice as well as in the official statutes.

*Classical Economics*, p. 228

... to make bank paper currency stable and tied to gold, it must be regulated to conform to the movements of the gold supply.

*Classical Economics*, p. 232

... a money under the control of the government and its banking system is subject to inexorable pressures toward continuing monetary inflation. In contrast, the supply of gold cannot be manufactured *ad libitum* by the monetary authorities; it must be extracted from the ground, by the same costly process as governs the supply of any other commodities on the market. Essentially the choice is: gold or government.

*Economic Controversies*, p. 703

To call for a “free market” in the “price of gold” is as ludicrous as calling for a free market of ounces in terms of pounds, or inches in terms of yards. How many inches equal a yard is not something subject to daily fluctuations on the free or any other market. The answer is fixed eternally by definition, and what a gold standard entails is a fixed, absolute, unchanging definition as in the case of any other measure or unit of weight. The market necessarily exchanges two different commodities rather than one commodity for itself. To call for a free market in the price of gold would, in short, be as absurd as calling for a fluctuating market price for dollars in terms of cents. How many cents constitute a dollar is no more subject to daily fluctuation and uncertainty than inches in terms of yards. On the contrary, a truly free market in money will exist only when the dollar is once again strictly defined and therefore redeemable in terms of weights of gold.

*Economic Controversies*, pp. 767–68

... the dollar should once again be defined as a unit of weight of gold.

*Economic Controversies*, p. 768

... the dollar must be tied to gold permanently at a fixed weight, and must be redeemable in gold coin at that weight. That rules out all forms of pseudo gold standards ...

*Economic Controversies*, p. 770

... the gold-exchange standard establishes a system, in the name of gold, which in reality manages to install coordinated international inflationary paper money. The idea was to replace a genuine gold standard, in which each country (or, domestically, each bank) maintains its reserves in gold, by a pseudo-gold standard in which the central bank of the client country maintains its reserves in some key or base currency, say pounds or dollars.

*History of Money and Banking in the United States*, p. 209

... it is the inherent tendency of every money-issuer to create as much money as it can get away with, but governments or central banks were, on the gold standard, restricted in their issue of paper or bank deposits by the iron necessity of immediate redemption in gold, and particularly in gold coin on demand.

*History of Money and Banking in the United States*, p. 354

... the classical gold standard put a severe limit upon the inherent tendency of monopoly money-issuers to issue money without check.

*History of Money and Banking in the United States*, p. 355

In a gold-exchange standard, only one country ... is on a gold standard in the sense that its currency is actually redeemable in gold, albeit only gold bullion for foreigners. ...

The gold-exchange standard, then, cunningly broke the classical gold standard's stringent limits on monetary and credit expansion ... instead of checking inflation, a gold-exchange standard encourages all countries to inflate ...

*History of Money and Banking in the United States*, p. 385

... the international gold standard was the monetary equivalent and corollary of international free trade in commodities. It was a method of separating money from the State just as enterprise and foreign trade had been so separated. In short, the gold standard was the monetary counterpart of *laissez-faire* in other economic areas.

*History of Money and Banking in the United States*, p. 438

In the classical, prewar gold standard, each country kept its reserves in gold, and redeemed its paper and bank currencies in gold coin upon demand. The new gold-exchange standard was a clever device to permit Britain and the other European countries to remain inflated and to continue inflating, while enlisting the United States as the ultimate support for all currencies.

*History of Money and Banking in the United States*, p. 440

... a phony gold standard, as a gold-exchange standard must be, allows far more room for monetary management and inflation by central governments. It takes away the public's power over money and places that power in the hands of the government.

*Keynes, the Man*, p. 182

The soundest — and the most libertarian — international monetary order would be a world gold standard, with each currency indelibly fixed in terms of units of weight of gold; a far distant second best would be a pseudo-world gold standard of the Bretton Woods type; a distant third would be the Friedmanite dream of national fiat moneys and fluctuating exchange rates ... Fixed exchange rates with no international money to back them makes no sense whatever ...

*Libertarian Forum v. 1*, pp. 294–95

Unfortunately, now that the last vestiges of the gold standard are gone, the Fed has the power to create more money indefinitely; and so long as we continue to allow them to retain such power, they will continue to use it, with disastrous results.

*Libertarian Forum v. 1*, p. 485

Anyone who knows anything about gold or money knows that there ain't no such thing as a "gradual return"; either one is on gold or off it. A gradual return to gold makes as much sense as someone being "gradually pregnant."

*Libertarian Forum v. 2*, p. 951

... the Western world enjoyed far greater price stability under the gold standard than we have had since.

*Libertarian Forum v. 2, p. 1012*

Only if the average person can redeem his dollars at a fixed weight of gold coin can a true gold standard exist or perform its important functions.

*Libertarian Forum v. 2, p. 1012*

The gold standard is unfortunately commonly talked of as “fixing the price of gold.” The gold standard however, does not fix the price of gold in terms of dollars; rather it defines the dollar in terms of a weight of gold. Changing that definition makes as little sense, and is even more pernicious, than changing the definition of a pound from 16 to 14 ounces. Just as an “ounce” or “pound” is each a unit of weight and therefore fixed in relation to each other, so should be the dollar and a weight of gold.

*Libertarian Forum v. 2, p. 1012*

The essence of a gold standard is that the monetary unit (the “dollar,” “franc,” “mark,” etc.) is defined as a certain weight of gold. Under the gold standard, the dollar or franc is not a thing-in-itself, a mere name or the name of a paper ticket issued by the State or a central bank; it is the name of a unit of weight of gold. It is every bit as much a unit of weight as the more general “ounce,” “grain,” or “gram.”

*Making Economic Sense, p. 288*

So long as a country is in any sense “on the gold standard,” the central bank and the banking system must worry about an external drain of specie should the inflation become too great. ...

... Governments, of course, are always anxious to remove all checks on their powers of inducing monetary expansion.

*Man, Economy, and State with Power and Market, pp. 1017–18*

Proponents of the gold standard do not suffer from a mysterious “gold fetish.” They simply recognize that gold has always been selected by the market as money throughout history.

*Mystery of Banking*, p. 8

The classical gold standard, which basically prevailed before World War I, placed a firm restraint on the propensity of national central banks to inflate: The expansion of one country’s currency would raise nominal income and prices in that country, cause a deficit in its balance of payments and an outflow of gold, thereby causing a check on inflation and perhaps a compulsion on the central bank to deflate back to its previous position.

*Progressive Era*, p. 489

What kind of “standard” will a free money provide? The important thing is that the standard not be imposed by government decree. If left to itself, the market may establish gold as a single money (“gold standard”), silver as a single money (“silver standard”), or, perhaps most likely, both as moneys with freely-fluctuating exchange rates (“parallel standards”).

*What Has Government Done to Our Money?*, p. 35

The international gold standard provided an automatic market mechanism for checking the inflationary potential of government.

*What Has Government Done to Our Money?*, p. 90

So while the classical gold standard of the nineteenth century was not perfect, and allowed for relatively minor booms and busts, it still provided us with by far the best monetary order the world has ever known, an order which worked, which kept business cycles from getting out of hand, and which enabled the development of free international trade, exchange, and investment. ...

If the classical gold standard worked so well, why did it break down? It broke down because governments were entrusted with the task of keeping their monetary promises ...

*What Has Government Done to Our Money?*, pp. 91–92



The point of the gold-exchange standard is that it cannot last; the piper must eventually be paid, but only in a disastrous reaction to the lengthy inflationary boom.

*What Has Government Done to Our Money?*, p. 96

## GOVERNMENT

... unlike private persons or firms, who obtain money by selling needed goods and services to others, governments produce nothing of value and therefore have nothing to sell. Governments can only obtain money by grabbing it from others, and therefore they are always on the lookout to find new and ingenious ways of doing the grabbing.

*Case Against the Fed*, pp. 58–59

... government is best that governs — or in this case, spends and taxes — not at all!

*Classical Economics*, p. 43

... in society, robbery through government is far easier, and hence more attractive, than hard work for the acquisition of wealth.

*Classical Economics*, p. 459

... government is always and everywhere the potential or actual aggressor against the rights and liberties of the people. Liberty, the source of all the fruits of civilization and human happiness, is ever liable to suffer the aggressions and encroachments of government, of power, the source from which war, tyranny, and impoverishment ever flow. Power always stands ready to conspire against liberty, and the only salvation is for the public to keep government within strictly limited bounds, and to be ever watchful, vigilant, and hostile to the inevitable tendencies of government power to encroach upon liberty.

*Conceived in Liberty v. 2*, p. 192; p. 690

... the very use of government implies a whole host of questionable political value judgments: for example, that government action *per se* involves neither psychic costs nor ethical injustice.

*Economic Controversies*, p. 247

Far from adding to the private sector, the public sector can only feed off the private sector; it necessarily lives parasitically upon the private economy. But this means that the productive resources of society — far from satisfying the wants of consumers — are now directed, by compulsion, away from these wants and needs. The consumers are deliberately thwarted, and the resources of the economy diverted from them to those activities desired by the parasitic bureaucracy and politicians. ... the “public sector” is actually antiproduktive ... it subtracts from, rather than adds to, the private sector of the economy. For the public sector lives by continuous attack on the very criterion that is used to gauge productivity: the voluntary purchases of consumers.

*Economic Controversies*, pp. 421–22

... that government is best that spends and taxes and employs the least, and privatizes the most.

*Economic Controversies*, p. 446

... there is no waste — no misallocation — like government ...

*Economic Controversies*, p. 512

Examine the problem areas, and everywhere, like a red thread, there lies the overweening stain of government.

*Economic Controversies*, p. 664

The wisest course is to keep the government simple and inactive ...

*Economic Thought Before Adam Smith*, p. 24

... the government itself is a violent exploitation of the weak by the strong. The system itself is the problem, and the object of government is not to benefit the people, but to control and plunder them.

There is no ruler who can compare in virtue with a condition of non-rule.

*Economic Thought Before Adam Smith*, p. 26

... the crucial question in society is not, as so many believe, whether property should be private or governmental, but rather whether the necessarily “private” owners are legitimate owners or criminals. For, ultimately, there is no entity called “government”; there are only people forming themselves into groups called “governments” and acting in a “governmental manner.” All property is therefore always “private”; the only and critical question is whether it should reside in the hands of criminals or of the proper and legitimate owners. There is really only one reason for libertarians to oppose the formation of governmental property or to call for its divestment: the realization that the rulers of government are unjust and criminal owners of such property.

*Ethics of Liberty*, p. 56

In the phrase “we are the government,” the useful collective term “we” has enabled an ideological camouflage to be thrown over the naked exploitative reality of political life. For if we truly are the government, then anything a government does to an individual is not only just and not tyrannical; it is also “voluntary” on the part of the individual concerned. If the government has incurred a huge public debt which must be paid by taxing one group on behalf of another, this reality of burden is conveniently obscured by blithely saying that “we owe it to ourselves” (but who are the “we” and who the “ourselves”?). If the government drafts a man, or even throws him into jail for dissident opinions, then he is only “doing it to himself” and therefore nothing improper has occurred. Under this reasoning, then, Jews murdered by the Nazi government were not murdered; they must have “committed suicide,” since they were the government (which was democratically chosen), and therefore anything the government did to them was only voluntary on their part.

... we must conclude that “we” are not the government; the government is not “us.”

*For a New Liberty*, p. 60

If we look around, then, at the crucial problem areas of our society — the areas of crisis and failure — we find in each and every case a “red thread” marking and uniting them all: the thread of government. In every one of these cases, government either has totally run or heavily influenced the activity.

*For a New Liberty*, p. 95

... much of Big Government, much of the welfare-interventionist State, is pushed by private businesses in order to force the taxpayers to subsidize their own costs. ... business groups don't mind socialism at all when the government is socializing their cost.

*Irrepressible Rothbard*, p. 147

... we must take and welcome any reduction of government that we can get, anywhere down the line.

*Libertarian Forum v. 1*, p. 533

No, the government is not just another business firm; it is not a business firm at all. It is our enemy; it is Leviathan.

*Libertarian Forum v. 2*, p. 1000

... governments, by virtue of their very existence, are “aggressors”  
...

*Libertarian Forum v. 2*, p. 1020

... the best way for the government to benefit the economy is to disappear.

*Making Economic Sense*, p. 176

In the long run, as we have seen under communism, the parasitic sector destroys the private productive sector and harms even the parasites in the process.

*Making Economic Sense*, p. 22

... the whole point of government, of an institution with a monopoly, or preponderance, of violence, is to use it to defend persons and property against violent assault.

*Making Economic Sense*, p. 65

It is private enterprise, however, not government, that we can rely on to take the long and not the short view. ... private owners have every economic incentive to be farsighted ... It is precisely government — or firms allowed to rent resources from government but not own them — whose every incentive is to be short-run. Since government bureaucrats control but do not own the resource “owned” by government, they have no incentive to maximize or even consider the long-run value of the resource. Their every incentive is to loot the resource as quickly as possible.

*Making Economic Sense*, p. 87

... government, unlike private enterprise, is not in the business of seeking profits or trying to avoid losses. Far from eager to court the consumer, government officials invariably regard consumers as an annoying intrusion and as “wasteful” users of “their” (government’s) scarce resources. Governments are invariably at war with their consumers.

*Making Economic Sense*, p. 96

... governments do not produce useful goods and services which they can sell on the market; governments, rather than producing and selling services, live parasitically off the market and off society. Unlike every other person and institution in society, government obtains its revenue from coercion, from taxation.

*Making Economic Sense*, p. 274

... the broader and more important problem of Big Government is not the deficit; it is not even, as Milton Friedman has long emphasized, total government spending; it is government action period, which fiscally means all three interlocking items: deficits, government spending, and taxation. Big Government is a swollen, ever-expanding and parasitic entity crushing the productive economy,

the “private sector”; and the focus must be on rolling back, as much and as “drastically” as possible, all three of these facets of the government budget.

*Making Economic Sense*, pp. 437–38

All government rests on the coerced levy of taxation ...

*Man, Economy, and State with Power and Market*, pp. 907–08

The higher the relative level of government, the narrower the base of the producers, and the greater the “take” of those expropriating the producers. The higher the level of government, the less resources will be used to satisfy the desires of those consumers who have contributed to production, and the more resources will be used to satisfy the desires of nonproducing consumers.

*Man, Economy, and State with Power and Market*, p. 910

... government cannot be in any way a fountain of resources; all that it spends, all that it distributes in largesse, it must first acquire in revenue, i.e., it must first extract from the “private sector.”

*Man, Economy, and State with Power and Market*, p. 913

... people’s benefits from government are considerably *less* than the amount that they are required to pay ...

*Man, Economy, and State with Power and Market*, p. 923

Those *laissez-faire* economists and writers, past and present, who have stopped short at the impossibly Utopian ideal of a “limited” government are trapped in a grave inner contradiction.

*Man, Economy, and State with Power and Market*, p. 1056

It is curious that people tend to regard government as a quasi-divine, selfless, Santa Claus organization. Government was constructed neither for ability nor for the exercise of loving care; government was built for the use of force ...

*Man, Economy, and State with Power and Market*, p. 1302

... the government does its best and most constructive job, not by positive intervention into the society, but by repealing its own restrictions on free activity ...

*Science, Technology, and Government*, p. 36

## GOVERNMENT EMPLOYEES

... it is absurd to expect the ruling clique to act altruistically for the “public good.” Like everyone else, they will use their opportunities for their own gain, which means to loot the many, and to favor their own or allied special interests as against those of the public.

*Classical Economics*, p. 76

... the only difference between state rulers and out-and-out robber chieftains is the size of their depredations.

*Economic Thought Before Adam Smith*, p. 25

Tyranny by majority vote may be unpleasant enough, but at least if the rulers are subject to democratic checks, they have to please the majority of the voters. But government officials who cannot be voted out at the next election are not subject to any democratic check whatever. They are permanent tyrants.

*Education: Free and Compulsory*, p. 49

... government bureaucrats do not pay taxes; they consume the tax proceeds.

*Man, Economy, and State with Power and Market*, p. 908

Bureaucratic managers and politicians have no real incentive to develop entrepreneurial skills, to really adjust to consumer demands.

*Man, Economy, and State with Power and Market*, p. 948

... the government itself contains inherent mechanisms that lead to poor choices of experts and officials. For one thing, the politician and the government expert receive their revenues, not from service voluntarily purchased on the market, but from a compulsory levy

on the populace. These officials, therefore, wholly lack the pecuniary incentive to care about serving the public properly and competently.

*Man, Economy, and State with Power and Market*, p. 1072

Who benefits from taxation? It is clear that the primary beneficiaries are those who live full-time off the proceeds, e.g., the politicians and the bureaucracy. These are the full-time rulers. It should be clear that regardless of legal forms, the bureaucrats pay no taxes; they consume taxes.

*Man, Economy, and State with Power and Market*, p. 1151

... the personnel have no incentive to be efficient. In fact, the skills they will develop will not be the economic skills of production, but political skills — how to fawn on political superiors, how demagogically to attract the electorate, how to wield force most effectively. These skills are very different from the productive ones, and therefore different people will rise to the top in the government from those who succeed in the market.

*Man, Economy, and State with Power and Market*, pp. 1265–66

... the “worst get on top” in a collectivist regime. This is true for any government-run enterprise ... for any task, those who get on top will be those with the most skill in that particular task — a praxeological law. ... the market promotes and rewards the skills of production and voluntary cooperation; government enterprise promotes the skills of mass coercion and bureaucratic submission.

*Man, Economy, and State with Power and Market*, p. 1266n9

On the market, workers get paid in accordance with their (discounted) marginal value product. But in a government enterprise, which can charge any price it pleases, there is no discernible value product, and workers are hired and paid according to the personal charm or political attractions that they have for their superiors.

*Man, Economy, and State with Power and Market*, p. 1266n10

... rulers under socialism are those most adept at wielding force ...

*Man, Economy, and State with Power and Market*, p. 1281n22



... the government expert acquires his revenue by compulsory levy. There is no market test of his success in teaching people their true interests. The only test is his success in acquiring the political support of the State's machinery of coercion.

... what incentive does the government expert have to care about the interests of his subjects? Surely he is not especially endowed with superior qualities by virtue of his government post. He is no more virtuous than the private expert; indeed, he is inherently less capable and is more inclined to wield coercive force.

*Man, Economy, and State with Power and Market*, p. 1301

... there is no reason why these governmental experts should be efficient, i.e., why they should be experts at all. Indeed, they will be efficient not at providing the governmental service, whatever it may be (post office, foreign intercourse, etc.), but at organizing robber gangs to bludgeon the populace into yielding them more money and power — i.e., they will be most efficient at coercion.

*Strictly Confidential*, p. 38

## GOVERNMENT SERVICES

... the services government indubitably supplies are to itself and to its favorites ... all government spending is therefore consumption spending by the politicians and the bureaucracy. ... the tax funds for that spending are extracted by coercion at the expense of the tax-paying public.

*Classical Economics*, p. 40

... the voluntary methods of the free market can successfully provide services that are almost always regarded as uniquely governmental.

*Conceived in Liberty* v. 2, p. 31; p. 529

Government's numerous "free" services, moreover, create permanent excess demand over supply and therefore permanent "shortages" of the product. Government, in short, acquiring its revenue by coerced confiscation rather than by voluntary investment and

consumption, is not and cannot be run like a business. Its inherent gross inefficiencies, the impossibility for it to clear the market, will insure its being a mare's nest of trouble on the economic scene.

*Economic Controversies*, p. 424

... every good, without exception, that economists glibly term a "collective good" has actually been successfully supplied by the free market.

*Economic Controversies*, p. 475

... we must take a very hard look at government services. Are they "services," or are they embodiments of repression? Or are they "services," at best, that no one really wants? And if they are genuine services, wouldn't they be supplied more efficiently, as well as voluntarily, by private enterprise?

*Economic Controversies*, p. 513

Problems and breakdowns are inherent in the operations of the public sector and of government generally. Deprived of a profit-and-loss test to gauge productivity and efficiency, the sphere of government shifts decision-making power from the hands of every individual and cooperating group, and places that power in the hands of an overall governmental machine.

*Economic Controversies*, p. 665

... the State is careful to monopolize police and judicial service, the ownership of roads and streets, the supply of money, and the postal service, and effectively to monopolize or control education, public utilities, transportation, and radio and television.

*Egalitarianism as a Revolt Against Nature*, p. 121

Far from adding cozily to the private sector, the public sector can only feed off the private sector; it necessarily lives parasitically upon the private economy. But this means that the productive resources of society — far from satisfying the wants of consumers — are now directed, by compulsion, away from these wants and needs. The consumers are deliberately thwarted, and the resources

of the economy diverted from them to those activities desired by the parasitic bureaucracy and politicians. ... the “public sector” is actually antiproduktive; that is, subtracts from rather than adds to the private sector of the economy. For the public sector lives by continuous attack on the very criterion that is used to gauge productivity: the voluntary purchases of consumers.

*Egalitarianism as a Revolt Against Nature*, pp. 136–37

If there is an increased demand for a privately-owned good, consumers pay more for the product, and investors invest more in its supply, thus “clearing the market” to everyone’s satisfaction. If there is an increased demand for a publicly-owned good (water, streets, subway, etc.), all we hear is annoyance at the consumer for wasting precious resources, coupled with annoyance at the taxpayer for balking at a higher tax load. Private enterprise makes it its business to court the consumer and to satisfy his most urgent demands; government agencies denounce the consumer as a troublesome user of their resources. ... Government’s numerous “free” services, moreover, create permanent excess demand over supply and, therefore, permanent “shortages” of the product. Government, in short, acquiring its revenue by coerced confiscation rather than by voluntary investment and consumption, is not and cannot be run like a business. Its inherent gross inefficiencies, the impossibility for it to clear the market, will insure its being a mare’s nest of trouble on the economic scene.

*Egalitarianism as a Revolt Against Nature*, pp. 139–40

Any reduction of the public sector, any shift of activities from the public to the private sphere, is a net moral and economic gain.

*Egalitarianism as a Revolt Against Nature*, p. 142

If the *laissez-fairists* object that the government should not build steel plants or shoe factories and provide them to consumers (either free or for sale) because tax-coercion had been employed in constructing these plants, well then the same objection can of course be made to governmental police or judicial service.

*Ethics of Liberty*, p. 182

All of the services commonly thought to require the State — from the coining of money to police protection to the development of law in defense of the rights of person and property — can be and have been supplied far more efficiently and certainly more morally by private persons.

*Ethics of Liberty*, p. 188

... whatever services the government actually performs could be supplied far more efficiently and far more morally by private and cooperative enterprise.

*For a New Liberty*, p. 29

While the long-held motto of private enterprise is that “the customer is always right,” the implicit maxim of government operation is that the customer is always to be blamed.

*For a New Liberty*, p. 245

There is no profit-and-loss mechanism in government to induce investment in efficient operations and to penalize and drive the inefficient or obsolete ones out of business. There are no profits or losses in government operations inducing either expansion or contraction of operations ...

*For a New Liberty*, p. 246

The ultimate libertarian program may be summed up in one phrase: the abolition of the public sector.

*For a New Liberty*, p. 248

... we must always distinguish carefully between legitimate services that the State has now monopolized and arrogated to itself, and illegitimate activities that no one, including the State, should be permitted to perform. An example of the latter is the draft, which is the illegitimate enslavement of innocent people to serve the purposes of others. The draft could therefore never exist in a purely libertarian world. But other services are legitimate but now coercively monopolized by the government: e.g., postal service, roads, police, and prisons. In opposing the Post Office, libertarians

do not oppose postal service *per se*; on the contrary, we wish to make that service more efficient and of higher quality by allowing competing private postal businesses.

*Libertarian Forum v. 1*, p. 244

Every good or service now supplied by government has, at one time or another, been successfully supplied by private enterprise.

*Making Economic Sense*, p. 145

Whereas private firms try to price their goods or services to achieve the highest profit — i.e., to supply consumer needs most fully and at least cost — government has no incentive to price for highest profit or to keep down costs. Quite the contrary. Government's incentive is to subsidize favored pressure groups or voting blocs; for government is pressured by its basic situation to price politically rather than economically.

Since government services are almost never priced so as to clear the market, i.e., equate supply and demand, it tends to price far below the market, and therefore bring about an artificial "shortage."

*Making Economic Sense*, p. 97

Businesses are always eager for consumers to buy their product or service. On the free market, the consumer is king or queen and the "providers" are always trying to make profits and gain customers by serving them well. But when government operates a service, the consumer is transmuted into a pain-in-the-neck, a "wasteful" user-up of scarce social resources. Whereas the free market is a peaceful cooperative place where everyone benefits and no one loses; when government supplies the product or service, every consumer is treated as using a resource only at the expense of his fellow men. The "public service" arena, and not the free market, is the dog-eat-dog jungle.

*Making Economic Sense*, p. 131

... the private sector will always be more efficient than the governmental because income in the private sector is only a function of efficient service to the consumers. The more efficient that service,

the higher the income and profits. In the government sector, in contrast, income is unrelated to efficiency or service to the consumer. Income is extracted coercively from the taxpayers (or, by inflation, from the pockets of consumers). In the government sector, the consumer is not someone to be served and courted; he or she is an unwelcome “waster” of scarce resources owned or controlled by the bureaucracy.

*Making Economic Sense*, p. 144

... government provision of a labor service is far less efficient and sensitive to consumer needs than private firms would be.

*Making Economic Sense*, p. 199

... all government operation is wasteful, inefficient, and serves the bureaucrat rather than the consumer.

*Making Economic Sense*, p. 273

... the politician and the government expert receive their revenues, not from service voluntarily purchased on the market, but from a compulsory levy on the inhabitants. These officials, then, wholly lack the direct pecuniary incentive to care about servicing the public properly and competently.

*Man, Economy, and State with Power and Market*, p. 889

... government enterprise can never be operated on a business basis, no matter how ardent a government’s intentions.

*Man, Economy, and State with Power and Market*, p. 947

... costs of government operation will be higher than for similar operations on the free market.

*Man, Economy, and State with Power and Market*, p. 950

... each governmental firm introduces its own island of chaos into the economy; there is no need to wait for full socialism for chaos to begin its work. No government enterprise can ever determine prices or costs or allocate factors or funds in a rational, welfare-maximizing manner. No government enterprise could be established on a “business basis” even if the desire were present.

Thus, any governmental operation injects a point of chaos into the economy; and since all markets are interconnected in the economy, every governmental activity disrupts and distorts pricing, the allocation of factors, consumption/investment ratios, etc. Every government enterprise not only lowers the social utilities of the consumers by forcing the allocation of funds to other ends than those desired by the public; it lowers the utility of everyone (including the utilities of some government officials) by distorting the market and spreading calculational chaos. The greater the extent of government ownership, of course, the more powerful will this impact become.

*Man, Economy, and State with Power and Market*, p. 953

... governmental, as opposed to private, provision of services, lowers the standard of living of much of the population.

*Man, Economy, and State with Power and Market*, p. 954

... scarcity and inefficiency are inherent in government operation of any activity.

*Man, Economy, and State with Power and Market*, p. 986

It is particularly absurd to call for “business principles” where a government enterprise functions as a monopoly.

*Man, Economy, and State with Power and Market*, p. 1266

... the State is always inefficient ...

*Man, Economy, and State with Power and Market*, p. 1319

## GOVERNMENT SPENDING

All government expenditures are unproductive ...

*Classical Economics*, p. 6

Since genuine demand only comes from the supply of products, and since the government is not productive, it follows that government spending cannot truly increase demand.

*Classical Economics*, p. 28

... government action or spending cannot increase the total amount of capital in society; it can only divert capital from free market to less productive uses.

*Classical Economics*, p. 51

... all taxation necessarily involves taking from one group to subsidize another; therefore all government expenditures, taken together, constitute one giant transfer payment.

*Economic Controversies*, p. 463

Where O where can the budget ever be cut? Anywhere and everywhere, with meat axes, hacksaws, anything to hand. ... Of course, if I had my druthers, and could push a magic button, the federal, budget would be cut back to a nice fat zero. So don't start wailing about "where can we cut the budget?" All we need is the will.

*Libertarian Forum* v. 2, p. 1076

Given the monopoly of roads or airports or postal service in the hands of government, and until they are privatized, we have no sensible alternative to using them. But this does not mean that we must blithely accept the State as an automatic proxy, or surrogate, for a firm in the private sector.

... Even when the State is actually performing an important service that it has seized and monopolized, it does not follow in any sense that we are warranted in calling for more government spending. For we cannot do so without adding to the burden of tax-theft in the society. In short, even in the case of valid but monopolized functions, it is always impermissible for libertarians to support an increase in tax-theft. For the State is not a private firm. If people want more roads, they should be willing to support this activity privately and voluntarily, and blocking at least any more State funding might even give them the idea of privatizing roads entirely. We cannot substitute the State for a private person or firm because it is inherently unsubstitutable. It is unsubstitutable because the nature of the State differs totally and radically, and not just marginally and technically, from all other social institutions. The State's very being rests on theft and invasion of private property, and this theft and



aggression must be reduced and hacked away at every way we can. At the very least, libertarians must never justify its increase.

*Libertarian Forum v. 2*, p. 1178

Where to cut the government budget? The simplest way is the best: just pass a law, overriding all existing ones, that no agency of the federal government is allowed to spend more, next year, than it did in some previous year ...

*Making Economic Sense*, p. 22

... government spending is simply consumer spending. ... Taxation and government spending siphon social resources away from productive consumers who earn the money they receive, and away from their private consumption and saving, and toward consumption expenditure by unproductive politicians, bureaucrats, and their followers and subsidies. ...

All government taxation and spending diminishes saving and consumption by genuine producers, for the benefit of a parasitic burden of consumption spending by nonproducers. ...

What is really needed is a drastic reduction of all government taxation and spending, state, local, and federal, across the board.

*Making Economic Sense*, p. 39

... government always underestimate its future costs and expenses ...

*Making Economic Sense*, p. 113

... government spending is wasteful spending for the benefit of the unproductive "consumers" in politics and bureaucracy.

... the unproductive crowding out of saving comes not just from deficits but from all government spending; after all, taxes crowd out and even destroy private savings far more ruthlessly than mere borrowing. The problem is government taxation-and-spending.

*Making Economic Sense*, p. 122

... government spending and taxation are eating out our substance to support a growing parasitic army of crooks and moochers ...

the accelerating burden of government has caused our economy to stagnate ...

*Making Economic Sense*, p. 209

... government spending is not “investment” at all; it is simply money spent for the edification or the power of the unproductive ruling elite in the government. All government spending, far from deserving the term “investment,” is in reality consumption spending by politicians and bureaucrats. Any increase in the government budget is therefore a push toward more consumption and less saving and investment; and the reverse is true for any cut in the budget.

*Making Economic Sense*, p. 211

... the larger the budget in relation to market activity, the greater the burden of government on the economy. A larger burden means that more and more resources of society are being coercively siphoned off from the producers into the pockets of government ...

*Man, Economy, and State with Power and Market*, pp. 909–10

... the government budgetary process is a coercive shift of resources and incomes from producers on the market to nonproducers; it is also a coercive interference with the free choices of individuals by those constituting the government.

*Man, Economy, and State with Power and Market*, p. 913

Government expenditures are a coerced transfer of resources from private producers to the uses preferred by government officials.

*Man, Economy, and State with Power and Market*, p. 938

... no government expenditures can be considered genuine “investment,” and no government-owned assets can be considered capital.

*Man, Economy, and State with Power and Market*, p. 941

Government investment or subsidized investment is either malinvestment or not investment at all, but simply waste assets or “consumption” of waste for the prestige of government officials.

*Man, Economy, and State with Power and Market*, p. 969

All government expenditure for resources is a form of consumption expenditure ... all talk of government “investment” is fallacious.

*Man, Economy, and State with Power and Market*, p. 1153

... government expenditure is not properly “investment” at all ... it is misallocation of funds that consumers and savers would have spent elsewhere ... investment is only investment if it leads to its proper goal: consumption goods. ... government expenditure is not really “capital,” but is actually — via taxes, controls, misallocations, etc. — destructive of the potential capital of a country.

*Strictly Confidential*, p. 304

## GREED

I frankly don’t see anything wrong with greed. ... “greed” simply means that you are trying to relieve the nature-given scarcity that man was born with. Greed will continue until the Garden of Eden arrives, when everything is superabundant, and we don’t have to worry about economics at all. ... So the question then becomes: what kind of greed are we going to have, “productive greed,” where people produce and voluntarily exchange their products with others? Or exploitative greed, organized robbery and predation, where you achieve your wealth at the expense of others? These are the two real alternatives.

*Economic Controversies*, pp. 675–76

The favorite explanation of inflation is that greedy businessmen persist in putting up prices in order to increase their profits. But surely the quotient of business “greed” has not suddenly taken a great leap forward ...

*For a New Liberty*, p. 217

## GROSS DOMESTIC PRODUCT

In the pleasant but illusory world of “national product statistics,” government expenditures on goods and services constitute an

addition to the nation's product. Actually, since government's revenue, in contrast to all other institutions, is coerced from the taxpayers rather than paid voluntarily, it is far more realistic to regard all government expenditures as a depredation upon, rather than an addition to, the national product. In fact, either government expenditures or receipts, whichever is the higher, may be regarded as the burden on private national product, and subtraction of the former figure from Gross Private Product (GPP) will yield an estimate of the private product left in private hands.

*America's Great Depression*, pp. 253–54

We may gauge the fiscal impact of government on the private sector by subtracting government expenditures from the national product. For government payments to its own bureaucracy are hardly additions to production; and government absorption of economic resources takes them out of the productive sphere.

*Economic Controversies*, p. 422

The basic assumption of national income and GNP analysis is that all government operations are productive, that they contribute their expenses to the national output and the common weal. But if we truly believe in freedom and private property, we must conclude that many of these operations are not social "services" at all but disservices to the economy and society, "bads" rather than "goods."

*Economic Controversies*, p. 441

... an estimate of social or national income should include only consumer spending.

*Economic Controversies*, p. 523

... GNP and allied concepts are flawed to the core ...

*Economic Controversies*, p. 915

It is truly absurd to enshrine a slippery concept such as "national income" in to the basic law of the land. Who knows what "national

income” is? This is not a precise or scientific concept, but whatever government statisticians say it is.

*Libertarian Forum v. 2*, p. 1038

It is absurd to include such a concept as “national income” in the fundamental law of the land; there is no such real entity, but only a statistical artifact, and an artifact that can and does wobble according to the political breeze.

*Making Economic Sense*, p. 237

Current “gross” figures, however, are the height of illogicality, because they are not gross at all, but only partly gross.

*Man, Economy, and State with Power and Market*, p. 401

These statistics cannot be used to frame or test economic theory, for one thing because they are an inchoate mixture of grossness and netness and because no objectively measurable “price level” exists that can be used as an accurate “deflator” to obtain statistics of some form of aggregate physical output. National product statistics, however, may be useful to the economic historian in describing or analyzing an historical period. Even so, they are highly misleading as currently used.

*Man, Economy, and State with Power and Market*, p. 1292

... government contributes nothing to the national product and its activities sap the national product and channel it into unproductive uses.

*Man, Economy, and State with Power and Market*, p. 1293

... either total government expenditures or total government receipts (each figure inclusive of government enterprises) should be deducted from NNP, whichever is the higher.

*Man, Economy, and State with Power and Market*, p. 1294

## GROTIUS, HUGO

... Hugo Grotius, the founder of international law.

*Conceived in Liberty v. 1*, p. 296; p. 286

... Hugo Grotius, deeply influenced by the late Spanish scholastics, developed a natural law theory which he boldly declared was truly independent of the question of whether God had created them. The seeds of this thought were in St. Thomas Aquinas and in later Catholic scholastics, but never had it been formulated as clearly and as starkly as by Grotius.

*Economic Thought Before Adam Smith*, p. 369

... the Dutch jurist Hugo Grotius ... was an eminent natural law theorist who brought the concepts of natural law and natural rights to the Protestant countries of northern Europe. ... Grotius clearly pushed natural law to its logical and rationalist conclusion: even if God did not exist, natural law would still be eternal and absolute; such law is discoverable by unaided human reason ... Natural law required the rights of property to be secure in order to enjoy social cooperation, and under Grotius's influence, the idea of the rights of property became expanded to the economic sphere. In a prefiguration of eighteenth century natural law-natural rights theory, Grotius believed in the harmony of human interaction based on free action and property rights.

*Economic Thought Before Adam Smith*, pp. 417–18

## GROUPS

... such collective concepts as groups, nations, and states do not actually exist or act; they are only metaphorical constructs for describing the similar or concerted actions of individuals. There are, in short, no “governments” as such; there are only individuals acting in concert in a “governmental” manner.

*Economic Controversies*, p. 54

To the libertarian, everyone has the same right in his person and in the goods which he finds, inherits, or buys — and it is illegitimate to make distinctions in property right between one group of people and another.

*Ethics of Liberty*, p. 122

Only individuals have ends and can act to attain them. There are no such things as end of or actions by “groups,” “collectives,” or “States,” which do not take place as actions by various specific individuals.

*Man, Economy, and State with Power and Market*, p. 2

## GUNS

... every man has the absolute right to bear arms — whether for self-defense or any other licit purpose. The crime comes not from bearing arms, but from using them for purposes of threatened or actual invasion.

*Ethics of Liberty*, p. 81

It should be clear that no physical object is in itself aggressive; any object, whether it be a gun, a knife, or a stick, can be used for aggression, for defense, or for numerous other purposes unconnected with crime. It makes no more sense to outlaw or restrict the purchase and ownership of guns than it does to outlaw the possession of knives, clubs, hatpins, or stones.

*For a New Liberty*, p. 140

... a society where peaceful citizens are armed is far more likely to be one where Good Samaritans who voluntarily go to the aid of victims of crime will flourish. But take away people’s guns, and the public — disastrously for the victims — will tend to leave the matter to the police.

*For a New Liberty*, p. 144

... what’s wrong with carrying guns? ... Surely the crime comes not in carrying weapons but in using them aggressively.

*Libertarian Forum* v. 1, p. 14

Any government that denies a person the right to defend himself against private and public intrusion ... is not a morally legitimate government.

*Making Economic Sense*, pp. 493–94

## HANSEN, ALVIN

... leaped on the New Economics to become the leading American Keynesian ...

*Economic Controversies*, p. 273

... the outstanding Keynesian disciple in [the United States].

*Economic Depression*, p. 44

... the renowned left Keynesian Alvin Henry Hansen, in his famous “stagnation” thesis of the late 1930s, forecast permanent stagnation ... Hansen developed this doctrine as the logical outcome of a rigid Walrasian framework.

*Economic Thought Before Adam Smith*, p. 209n5

The Hansen mature economy thesis is at least as worthless an explanation of economic reality as the rest of the Keynesian apparatus.

*Strictly Confidential*, p. 238

## HAPPINESS

... economics discusses individuals’ aiming to maximize their utility or happiness or welfare ...

*Economic Controversies*, p. 313

Life is not a race, but an attempt by each individual to be as happy as possible.

*Economic Controversies*, p. 568

... utility and general happiness require the private property and *laissez-faire* of the natural order.

*Economic Thought Before Adam Smith*, p. 272

Manners are vital to the quality of life; civility is a crucial requirement of civilization. It softens edges, and makes social life worth living.

*Irrepressible Rothbard*, p. 261



... humor is one of the great joys of the world.

*Irrepressible Rothbard*, p. 262

... every individual has the right to be free and to try to find his happiness ...

*Libertarian Forum v. 1*, p. 448

... there is never any possibility of measuring increases or decreases in happiness ...

*Man, Economy, and State with Power and Market*, p. 18

... it is not possible to measure changes in the happiness of any given person. ... There is no possible unit of happiness that can be used for purposes of comparison and, hence, of addition or multiplication.

*Man, Economy, and State with Power and Market*, p. 19

## HAYEK, FRIEDRICH VON

Hayek believes that Mises's theory is somehow deficient because it is exogenous — because it holds that the generation of business cycles stems from interventionary acts rather than from acts of the market itself. This argument is difficult to fathom. Processes are either analyzed correctly or incorrectly; the only test of any analysis is its truth, not whether it is exogenous or endogenous.

*America's Great Depression*, p. 33

... Hayek's style, heavily Germanic rather than sparkling, [is] far less readable than Mises ...

*Betrayal of the American Right*, p. 62

... Hayek's work had incalculable effect in converting or helping to convert many socialist intellectuals to the individualist, capitalist ranks.

*Betrayal of the American Right*, p. 63

... Hayek has abandoned the gold standard completely on behalf of a composite-commodity standard ...

*Case for a 100 Percent Gold Dollar*, p. 66n42

Hayek's Austrian business cycle theory swept the younger economists in Britain precisely because it alone offered a satisfactory explanation of the Great Depression of the 1930s. Such future Keynesian leaders as John R. Hicks, Abba P. Lerner, Lionel Robbins, and Nicholas Kaldor in England, as well as Alvin Hansen in the United States, had been Hayekians only a few years earlier. Then, Keynes's *General Theory* swept the boards after 1936 in a veritable "Keynesian Revolution" ...

*Economic Controversies*, p. 777; *For a New Liberty*, p. 215

The Nobel Prize in economics granted to F.A. Hayek in 1974 has generally been credited with setting the spark for the Austrian revival, and there is much to be said for this thesis ... Hayek's Nobel prize in 1974, shared ironically with the leftist maverick Gunnar Myrdal, was the first one to be granted to a free-market economist. It is also significant that the first free-market Nobel went to Hayek, not for his later vaporings in "spontaneous order," "knowledge," "evolution," and so on, for which he is unfortunately revered by most current Austrians, but instead for his elaboration of the Misesian business cycle theory which had been prominent in Britain in the 1930s, only to be swept away, in the late 1930s, by its great enemy, the Keynesian Revolution. To grant the first free-market Nobel to the antipode of Keynesian macro-theory cannot be considered a coincidence: it symbolized the end of the unquestioned dominance of the Keynesian-statist paradigm in economics.

*Economic Controversies*, p. 163

... the correct Austrian paradigm is and can only be the Misesian, that is, the paradigm of Misesian praxeology; that the competing Austrian paradigms, in particular the fundamentally irrational "evolved rules," "knowledge," "plans," and "spontaneous order" paradigm of Hayek and the more extreme "ultra-subjectivist" or

nihilist paradigm of Lachmann, have both been fallacious and pernicious ...

*Economic Controversies*, pp. 168–69

Hayek is obsessed by Man's allegedly pervasive and systemic ignorance. Indeed, Hayek's virtually lone argument against government intervention and against socialism is that government planners can know nothing. Since reason can play little or no role in man's affairs, government, or man through government, does not even know enough to establish general legal or constitutional rules for society. These general rules can only emerge from the blind, unconscious forces of "evolution" ... For Hayekian Man, however, there is a way out: even though he knows virtually nothing, he can painfully learn through the processes of the free market, just as in law or constitutions, he can learn to accept the "evolved" rules.

*Economic Controversies*, p. 177

Hayekian Man, the Hayekian entrepreneur, starts by knowing nothing, but he painfully learns about the world and the market through the "signals" of the price system. Hayek, and Professor Israel Kirzner after him, habitually speak of the market, of competition on the market, as a "discovery process." ... Hayek-Kirzner see a world of knowledge out there, with the unconscious forces of the market supplying man with that knowledge, through market price and profit-and-loss signals. The Hayek-Kirzner entrepreneur, indeed, is strangely passive; he scarcely acts like an entrepreneur at all. He risks nothing, and he really knows nothing, except what the signals of the price-system teach him, as he and the market economy wend their way toward general equilibrium.

*Economic Controversies*, p. 178

The free price system is vital to the entrepreneur but it is not, as in Hayek-Kirzner, his only source of knowledge.

*Economic Controversies*, p. 179

For Hayek and the Hayekians, obsessed with the alleged "problem of knowledge," have systematically misinterpreted Mises as

maintaining solely that the Socialist Planning Board, facing the uncertainty of a dynamic economy, lacks the knowledge enabling it to plan the production and allocate the resources of a socialist economy.

Thus, to Hayek, if the Planning Board could by some magic know, as people come to know through the market, consumer values, technologies, and resources, it could rationally plan and allocate resources fully as well as the market. As usual for Hayek and the Hayekians, the argument for the free market and against statism rests only on an argument from ignorance.

*Economic Controversies*, p. 187

Hayek's entire work, on the contrary, is devoted to a denigration of human reason. ... Hayek virtually assumes that human beings act unconsciously — of course, a contradiction in terms — and therefore that they neither know nor think nor choose. Therefore, their actions do not require understanding; hence Hayek's emphasis that the best that can be done is rely on a blind and unconscious adherence to evolved rules.

*Economic Controversies*, p. 192

It is interesting to note that what Hayek really meant about very many things is virtually a cottage industry for doctoral students, whereas it is rare that people have to puzzle over what Mises "really meant."

*Economic Controversies*, p. 193n42

... Hayek stresses blind habit or custom.

*Economic Controversies*, p. 194

We need not tarry on the phrase "spontaneous order," except to note that the word "spontaneous," once again, connotes lack of thought, activity that is not consciously chosen, but rather purely reflexive and tropistic. It would have been far more accurate to use a term such as "voluntary," which would at least focus on voluntarily chosen, rather than coerced, actions.

*Economic Controversies*, p. 195

... Hayek returns, with a burst, to the Whig theory of history and to a conservatism that justifies all institutions as “evolved,” as part of some presumably beneficent pattern ...

*Economic Controversies*, p. 200

Hayek’s praise of the common law as spontaneous and undersigned overlooks the fact that individual judges were consciously discovering, elaborating and applying fundamental legal principles. Reason and design were therefore dominant in common law.

*Economic Controversies*, p. 201n51

In 1976, after Hayek succumbed to *hubris* upon winning the Nobel Prize, he opened the Pandora’s Box of money-crankism by offering a bizarre scheme for private competing currencies. ... Hayek violated the rule for valid monetary theory that he himself had adumbrated as Hayek I: that it must, like Mises’s theory, be deduced from, and therefore integrated with, a sound general micro theory. Instead, Hayek’s doctrine was totally cut off from general economic theory.

*Economic Controversies*, pp. 205–06

... the reason why Hayek did not help spark an Austrian revival in the United States, despite his years of teaching at Chicago, is that Hayek was not the sort of teacher to ignite or inspire student interest. ... Hayek did not have the personality as a teacher to inspire students or disciples. Unlike Mises, who was unfailingly charming and devoted to spurring productivity among his students, Hayek was cool and aloof, only answering specific questions put to him by his doctoral students, and never engaging them in conversation or discussion. Hence, Hayek did not help spark an Austrian revival.

*Economic Controversies*, pp. 219–20

Hayek is surely correct that a free market economy and a devotion to the right of private property requires that everyone be permitted to issue whatever proposed currency names and tickets they wish.

*Economic Controversies*, p. 758

Hayek's plan for the denationalization of money is Utopian in the worst sense: not because it is radical, but because it would not and could not work.

*Economic Controversies*, pp. 759–60

... for Hayek, the major problem for the socialist planning board is its lack of knowledge. Without a market, the socialist planning board has no means of knowing the value-scales of the consumers, or the supply of resources or available technologies. The capitalist economy is, for Hayek, a valuable means of disseminating knowledge from one individual to another through the pricing “signals” of the free market. ... Hence, as is usual for Hayek, the argument for the free economy and against statism rests on an argument from ignorance.

*Economic Controversies*, p. 845

... the entire Hayekian emphasis on “knowledge” is misplaced and misconceived.

*Economic Controversies*, p. 846

... the Hayek-Kirzner “entrepreneur” is curiously bloodless and passive, receiving and passively imbibing knowledge imparted to him by the market. The Hayek-Kirzner entrepreneur is far closer than they like to think to the Walrasian automaton, to the fictional “auctioneer” who avoids all real trades in the marketplace.

*Economic Controversies*, p. 847

Hayek's proposal [for the denationalization of money] is absurdly “constructivist” on his own methodological terms.

*Economic Controversies*, p. 882n5

Unfortunately, the fundamental and grievous flaw in Hayek's [political] system appears when he proceeds to define “coercion.”

*Ethics of Liberty*, p. 219

Hayek's justification of the existence of the State, as well as its employment of taxation and other measures of aggressive violence,

rests upon his untenable obliteration of the distinction between aggressive and defensive violence, and his lumping of all violent actions into the single rubric of varying degrees of “coercion.”

*Ethics of Liberty*, p. 226

Let us postulate ... a ... society ruled by a vast network of Hayekian general rules, equally applicable to all, e.g., such rules as: everyone is to be enslaved every third year; no one may criticize the government under penalty of death; no one may drink alcoholic beverages; everyone must bow down to Mecca three times a day at specified hours; everyone must wear a specified green uniform, etc. It is clear that such a society, though meeting all the Hayekian criteria for a noncoercive rule of law, is thoroughly despotic and totalitarian.

*Ethics of Liberty*, p. 228

... a fundamental flaw in Hayek’s theory of individual rights ... is that they do not stem from a moral theory or from “some independent nongovernmental social arrangement,” but instead flow from government itself. For Hayek government — and its rule — of law creates rights, rather than ratifies or defends them. It is no wonder that ... Hayek comes to endorse a long list of government actions clearly invasive of the rights and liberties of the individual citizens.

*Ethics of Liberty*, p. 229

The free-market economist F.A. Hayek [was] in no sense an “extremist” ...

*For a New Liberty*, p. 377

... Hayek is not exactly known as an intellectual gut-fighter.

*Irrepressible Rothbard*, p. 10

The process of Hayekian conversion assumes that everyone, or at least all intellectuals, are interested solely in the truth, and that economic self-interest never gets in the way. Anyone at all acquainted with intellectuals or academics should be disabused of this notion, and fast. Any libertarian strategy must recognize that intellectuals

and opinion-molders are part of the fundamental problem, not just because of error, but because their own self-interest is tied into the ruling system.

*Irrepressible Rothbard*, p. 39

... Hayek convert[ed] many of Britain's leading young economists to Austrian (that is, Misesian) monetary, capital, and business-cycle theory.

*Keynes, the Man*, p. 41

Even though Hayek remained anti-Keynesian, he too was touched by the Keynesian charisma. Despite everything, Hayek was proud to call Keynes a friend and indeed promoted the legend that Keynes, at the end of his life, was about to convert from his own Keynesianism.

*Keynes, the Man*, p. 56

... statism and central planning lead straight to totalitarianism.

*Keynes, the Man*, p. 57

... Hayek too, while never succumbing to Keynes's ideas, did fall under his charismatic spell. In addition to creating the legend of Keynes's change of heart, why did Hayek not demolish *The General Theory* as he had Keynes's *Treatise on Money*? Hayek admitted to a strategic error, that he had not bothered to do so because Keynes was notorious for changing his mind, so Hayek did not think then that *The General Theory* would last.

*Keynes, the Man*, p. 58

... Hayek ranks as the world's most eminent free-market economist and advocate of the free society. ... F.A. Hayek is not only the leading free-market economist; he has also led the way in attacking the mathematical models and the planning pretensions of the would be "scientists," and in integrating economics into a wider libertarian social philosophy.

*Libertarian Forum v. 1*, p. 515



... Hayek pioneered in demonstrating how socialism cannot rationally calculate because it lacks a free market pricing system, particularly since the free market is uniquely equipped to transmit information from every individual to all other individuals. Lacking a genuine price system, socialism is necessarily devoid of such crucial information. Furthermore, in the same work, Hayek brilliantly dissected the unrealistic orthodox model of “perfect competition,” demonstrating that the real world of free competition is far superior to the absurd call for “perfection” by trust-busting lawyers and economists. As a corollary, Hayek in this work began a devastating series of attacks on the mathematical economists’ model of “general equilibrium,” showing how absurd and unrealistic such a criterion was with which to beat free enterprise over the head.

*Libertarian Forum v. 1, p. 516*

... Hayek’s proposal [for the denationalization of money] ... is so irrelevant to our current monetary problems as to take on the aspect of a crank scheme.

*Libertarian Forum v. 2, p. 993*

The later Hayekian stress on decentralized knowledge and innovations were important glosses and elaborations on the main Misesian point, but they were not the central issue. The central Misesian point is that, even given resources, values and technology, even abstracting from their changes, even then, socialism, deprived of private ownership and free markets, could not calculate or rationally allocate resources.

*Ludwig von Mises: Scholar, Creator, Hero, p. 29*

... Hayek warned that, in the long run, political and economic freedom go hand in hand. In particular, that “democratic socialism” is a contradiction in terms. A socialist economy will inevitably be dictatorial.

*Making Economic Sense, p. 417*

Converted from Fabian socialism by Ludwig von Mises's devastating critique, *Socialism*, in the early 1920s ...

*Making Economic Sense*, p. 446

... Hayek took his place as the greatest of the glittering generation of economists and social scientists who became followers of Mises in the Vienna of the 1920s ... In particular, Hayek elaborated Mises's brilliant business cycle theory, which demonstrates that boom-bust cycles are caused, not by mysterious defects inherent in industrial capitalism, but by the unfortunate inflationary bank credit expansion propelled by central banks.

*Making Economic Sense*, pp. 446–47

In later years Hayek conceded that the worst mistake of his life was to fail to write the sort of devastating refutation of the *General Theory* that he had done for the Treatise, but he had concluded that there was no point in doing so, since Keynes changed his mind so often.

*Making Economic Sense*, p. 448

In 1974, perhaps not coincidentally the year after his mentor Ludwig von Mises died, F.A. Hayek received the Nobel Prize. The first free-market economist to receive that honor, Hayek was accorded the prize explicitly for his elaboration of Misesian business cycle theory in the 1920s and '30s.

*Making Economic Sense*, p. 449

... Hayek, instead of analyzing man as a rational, conscious, and purposive being, considered man to be irrational, acting virtually unconsciously and unknowingly.

*Making Economic Sense*, p. 449

Since Hayek was radically scornful of human reason, he could not, like John Locke or the Scholastics, elaborate a libertarian system of personal and property rights based on the insights of human reason into natural law. Nor could he, like Mises, emphasize man's rational insight into the vital importance of *laissez-faire* for the flourishing and even survival of the human race, or of foregoing

any coercive intervention into the vast and interdependent network of the free-market economy.

Instead, Hayek had to fall back on the importance of blindly obeying whatever social rules happened to have “evolved,” and his only feeble argument against intervention was that the government was even more irrational, and was even more ignorant, than individuals in the market economy.

It is sad commentary on academia and on intellectual life these days that Hayek’s thought, possibly because of its very muddle, inconsistency, and contradictions, should have attracted far more scholarly dissertations than Mises’s consistency and clarity. In the long run, however, it will be all too obvious that Mises has left us a grand intellectual and scientific system for the ages whereas Hayek’s lasting contribution will boil down to what was acknowledged by the Nobel committee — his elaboration of Misesian cycle theory. In addition, Hayek must always be honored for having the courage to stand shoulder to shoulder with his mentor, in the dark days of the interwar and postwar years, against the twin evils of socialism and Keynesianism.

*Making Economic Sense*, p. 450

In 1974, leading Mises student F.A. Hayek won the Nobel Prize in economics, a startling change from previous Nobel awards, exclusively for mathematical Keynesians. 1974 was also the year after the death of the great modern Austrian theorist and champion of freedom, Ludwig von Mises. Hayek’s prize sparked a veritable revival in this long-forgotten school of economic thought.

*Making Economic Sense*, p. 461

Hayek showed us that the “worst get on top” in a collectivist regime. This is true for any government-run enterprise.

*Man, Economy, and State with Power and Market*, p. 1266n9

... Hayek, doyen of the Austrian School of Economics, abandon[ed] the gold standard altogether and attempt[ed] to urge private banks to issue their own currencies, with their own particular names, which the government would allow to compete with its own money.

*Mystery of Banking*, p. 267

F.A. Hayek's *Constitution of Liberty* is, surprisingly and distressingly, an extremely bad, and, I would even say, evil book.

*Rothbard vs. the Philosophers*, p. 61

Hayek is a “composite of brilliant things, and very wrong things ... a mosaic of confusion.”

*Rothbard vs. the Philosophers*, p. 62

Reason is his *bête noire*, and time and time again, from numerous and even contradictory standpoints, he opposes it.

*Rothbard vs. the Philosophers*, p. 63

... he doesn't seem to fully realize the paradox of using reason, as he tries to do, to attack reason.

*Rothbard vs. the Philosophers*, p. 64

... Hayek doesn't see any significance to natural law or rights ...

*Rothbard vs. the Philosophers*, p. 65

Philosophically, Hayek, much as he denies it, is a conservative, in the sense that he believes we must blindly follow traditions even if we can't defend them.

*Rothbard vs. the Philosophers*, p. 67

... to Hayek, the market is an example of a social institution that works better than any individual knows and is needed because of each person's ignorance.

*Rothbard vs. the Philosophers*, pp. 67–68

... we cannot simply continue to regard F.A. Hayek as a good fellow who is against coercion, and against egalitarianism, and favors a reasonable amount of freedom.

*Rothbard vs. the Philosophers*, p. 69

Hayek attacks *laissez-faire* and attacks or ignores the true libertarians ... his argument is based on a deprecation or dismissal of both reason and justice ...

*Rothbard vs. the Philosophers*, p. 70

Philosophically, Hayek grounds freedom solely on the shaky reed of man's ignorance. ... So concerned is Hayek to oppose rationalism as the threat to liberty, that he abandons any attempt for a rationalist groundwork for liberty.

*Rothbard vs. the Philosophers*, pp. 71–72

Hayek's only principle of noncoercion for government is the "rule of law," on which he places exclusive reliance. ... Hayek is excellent in attacking modern legal philosophers who push the state in a socialistic direction beyond the rule: such as [the legal positivists]. ... However, Hayek spends virtually equal emphasis on attacking those who would narrow the rule to limit government activity to defense of life, liberty, and property. Hayek attacks this as an "extreme," unduly narrow, etc., view of the role of government. To Hayek, *laissez-faire* is almost as bad an outgrowth of "rationalism" as is socialism.

*Rothbard vs. the Philosophers*, p. 72

He has no principle for liberty. His only principle is the "rule of law," and this, weak anyway, is so vitiated and qualified that, by the end, there is virtually no principle remaining.

*Rothbard vs. the Philosophers*, p. 75

Hayek favors the following:

- requiring "monopolist" not to discriminate in price among his customers
- government sanitation
- government roads
- compulsory jury service (which he considers "noncoercive")
- compulsory deputizing of constables ...
- government enforcement of religious conformity...

- government enforcement of “rules of conduct” in public places...
- suspension of liberty in “emergencies” (e.g., the right of *habeas corpus*), in the “public interest”
- the “clear and present danger” invasion of free speech
- government subsidies in the “public interest” (e.g., for “defense”)
- government supplying of a monetary system
- government supplying of standards weights and measures; government supplying of statistics
- government surveying
- government sanitary services
- government health services
- municipal services
- government public works — which individuals would not pay for
- many government enterprises, so long as they are not compulsorily “monopolistic”
- “factory” acts, and other government regulations of production
- interference with absolute private property in land
- failure of government to enforce gambling contracts
- government aid to the indigent, up to a “minimum of subsistence” for everyone; and this “minimum” keeps rising along with the general standard of living(!)
- government subsidies for scientific research, other “experiments”
- municipal government parks
- municipal government museums
- municipal government theaters
- municipal government sports facilities
- outlawing of peaceful secondary strikes and boycotts
- collective bargaining, on work rules...
- collective bargaining on wage differentials...
- outlawing of voluntary closed-shop “yellow-dog” contracts
- compulsory old-age insurance

- compulsory unemployment insurance; town planning by government, to coordinate neighborhoods, etc.
- the right of expropriation of private property by government (right of eminent domain, etc.) ...
- governmental building codes, and minimum safety regulation
- compulsory expropriation of land
- federal government parks, and “nature reservations”
- federal government spreading of agricultural knowledge to farmers
- compulsory minimum education for children, with government of course setting the minimum standards
- government aid for education of the poor ...
- “academic freedom” and “tenure” in colleges
- government, federal aid to higher education especially of general scientists and scholars
- government special taxation of slum property.

*Rothbard vs. the Philosophers*, pp. 75–78

Hayek favors central banking and is opposed to a free-market money.

He is against the return to a gold standard; instead he favors governmental stabilization of the price level, including in such measures a “commodity reserve standard.”

*Rothbard vs. the Philosophers*, p. 77

## HAZLITT, HENRY

Henry Hazlitt, a *laissez-faire* economist but never an isolationist.

*Betrayal of the American Right*, p. 170

... Bastiat’s broken window fallacy served as the inspiration and centerpiece of Henry Hazlitt’s excellent and best-selling economic primer, *Economics in One Lesson*.

*Classical Economics*, p. 472n2

Henry Hazlitt would scrap all constitutional limitations on government to rely solely on the majority will as expressed by the legislature. ...

Hazlitt's reaction to my own brief discussion of the legal norms essential to any free-market economy was a curious one. ... It is curious that Hazlitt feels common law to be inferior to arbitrary majority will, and yet to be superior to human reason!

*Ethics of Liberty*, p. 17, p. 17n2

... remarkable combination of a brilliant and incisive mind, an unusually clear and lucid style, and an unfailingly cheerful, generous, and gentle soul ...

*Libertarian Forum v. 1*, p. 530

... as an economist, Hazlitt has always been too honest to don the robes of soothsayer and prophet. ...

... Henry Hazlitt has been totally outside the modern fashion in battling for many years as an uncompromising adherent of *laissez-faire* and the free market economy.

*Libertarian Forum v. 1*, p. 530

... *Economics in One Lesson* ... remains to this day the best introductory primer to economic science. With his usual lucidity, Hazlitt set forth the merits of the free market, and the unfortunate consequences of all the major forms of government intervention, all of which continue to plague us today.

There is still no better introduction to free market economics than *Economics in One Lesson*. The "lesson" derives from the 19th century libertarian French economist Frédéric Bastiat, who was also distinguished for the clarity of his style: the difference between "what is seen" as a result of government intervention and "what is not seen."

*Libertarian Forum v. 1*, p. 530

... Hazlitt left not a shred standing of Keynes's famous work.

*Libertarian Forum v. 1*, p. 531



... Hazlitt argued for a utilitarian ethic and for the morality of free-market capitalism.

... Hazlitt showed that only capitalism can conquer poverty and provide genuine welfare ...

*Libertarian Forum v. 1, p. 531*

... throughout his remarkably productive life, Henry Hazlitt has fought for freedom and a free-market economy with a unique combination of the erudition of a scholar and the lucidity and popular appeal of a lifelong writer and journalist. In a healthier cultural and intellectual climate, he would have honors heaped upon him by scholars and by the general public.

*Libertarian Forum v. 1, p. 531*

Hazlitt met Mises shortly after his arrival in the United States, and he soon became a close friend and disciple, writing prolifically and creatively on Austrian economics and tirelessly advancing the cause of Mises the person as well as the scholar.

*Ludwig von Mises: Scholar, Creator, Hero, pp. 46–47*

... Hazlitt is courageous enough to call a spade a spade.

*Strictly Confidential, p. 278*

## HEALTH CARE

One of the most shameful areas of involuntary servitude in our society is the widespread practice of compulsory commitment, or involuntary hospitalization, of mental patients. ...

... involuntary commitment is a profound violation of medical ethics.

*For a New Liberty, p. 111*

... why are rates high and increasing rapidly? The answer is the very existence of health care insurance, which was established or subsidized or promoted by the government ...

*Making Economic Sense, p. 74*

... our very real medical crisis has been the product of massive government intervention, state and federal, throughout the century; in particular, an artificial boosting of demand coupled with an artificial restriction of supply. The result has been accelerating high prices and deterioration of patient care. And next, socialized medicine could easily bring us to the vaunted medical status of the Soviet Union: everyone has the right to free medical care, but there is, in effect, no medicine and no care.

*Making Economic Sense*, p. 77

The principle of insurance is that firms or individuals are subject to risks which, in the aggregate, form a class of homogeneous cases.

*Man, Economy, and State with Power and Market*, p. 553

If there were knowledge about differences between subgroups, and insurance firms charged the same premium rate to all, then this would mean that the healthy or “less risky” groups would be subsidizing the riskier. Unless they specifically desire to grant such subsidies, this result will never be maintained in the competitive free market. In the free market each homogeneous group will tend to pay premium rates in proportion to its actuarial risk, plus a sum for interest income and for necessary costs for the insurance firms.

*Man, Economy, and State with Power and Market*, p. 554

The increasing conquest of disease has been made possible only by the advance of civilization: by the use of reason, by capitalism, and by the market.

*Rothbard vs. the Philosophers*, p. 125

## HISTORICISM

... the Historical School was marked by its insistence that there can be no economic laws transcending mere description of the circumstances of individual time and place, and that the only legitimate economics therefore is not theory but a mere examination of history. Politically, this meant that there were no inconvenient

economic laws for government to violate, and to cause counterproductive consequences of governmental measures.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 33

## HISTORY

Looking at facts without the guidance of theory in their selection is virtually impossible.

*Classical Economics*, p. 120

Facts, of course, must be selected and ordered in accordance with judgments of importance, and such judgments are necessarily tied into the historian's basic world outlook. My own basic perspective on the history of man, and *a fortiori* on the history of the United States, is to place central importance on the great conflict which is eternally waged between Liberty and Power ...

*Conceived in Liberty v. 1*, p. 9; pp. xv–xvi

... I see history as centrally a race and conflict between “social power” — the productive consequence of voluntary interactions among men — and state power. In those eras of history when liberty — social power — has managed to race ahead of state power and control, the country and even mankind have flourished. In those eras when state power has managed to catch up with or surpass social power, mankind suffers and declines.

*Conceived in Liberty v. 1*, p. 10; p. xvi

... an historian must bring to bear not only his own discipline but also his knowledge of economics, of political philosophy, and of mankind in general.

*Conceived in Liberty v. 1*, p. 11; p. xviii

In contrast to these other disciplines, a work of history does not lose the bulk of its value because of errors in ideology or points of view. An historical work can be extremely valuable despite great differences in basic political or even historical points of view, provided that it focuses on the right questions and that its scholarship

is sound. For one thing, such a book can supply the factual data which are the vital stuff of history.

*Conceived in Liberty v. 1*, p. 512; p. 502

... history often moves not in a smoothly linear trend but in varying patterns of rises and falls of trends shattered by contrary trends.

*Conceived in Liberty v. 2*, p. 186; p. 684

... history tries to explain the content of human motives and choices through recorded time.

*Economic Controversies*, p. 35

... each historical event is the highly complex result of a large number of causal forces, and, further, that it is unique and cannot be considered homogeneous to any other event. Obviously, there are similarities between events, but there is no perfect homogeneity and therefore no room for historical “laws” similar to the exact laws of physical science.

... The economic historian combines all of his scientific knowledge with his understanding of motives and choices to attempt to explain the complex historical phenomenon ...

*Economic Controversies*, p. 40

... history deals with ends adopted in the past, what means were used to try to achieve them — and what the consequences of these actions were.

*Economic Controversies*, p. 72

The historian’s function is to try to explain the unique historical facts that are his province; to do so adequately he must employ all the relevant theories from all the various disciplines that impinge on his problem. For historical facts are complex resultants of a myriad of causes stemming from different aspects of the human condition. Thus, the historian must be prepared to use not only praxeological economic theory but also insights from physics, psychology, technology, and military strategy along with an interpretive understanding of the motives and goals of individuals. He

must employ these tools in understanding both the goals of the various actions of history and the consequences of such actions. Because understanding diverse individuals and their interactions is involved, as well as the historical context, the historian using the tools of natural and social science is in the last analysis an “artist,” and hence there is no guarantee or even likelihood that any two historians will judge a situation in precisely the same way.

*Economic Controversies*, pp. 77–78

... there are no praxeological laws of historical development ... Historical events are complex results of numerous causal factors: praxeologic, psychologic, physical, chemical, biological, etc. The historian must determine which science and its laws apply, and, more difficult, the extent to which each causal factor operated in the events he is attempting to explain or predict. Historians will legitimately differ on the order of importance to be attributed to each factor.

*Economic Controversies*, p. 116

... to be a good historian you have to be able to use causal theories from various disciplines to help explain unique historical events, and the tools of economic law are indispensable parts of any genuine historian’s armamentarium.

*Economic Controversies*, p. 176

... history necessarily means narrative, discussion of real persons as well as their abstract theories, and includes triumphs, tragedies, and conflicts, conflicts which are often moral as well as purely theoretical.

*Economic Thought Before Adam Smith*, p. xiii

No scientific truths are ever discovered by inchoate fact-digging. The scientist must first have framed hypotheses; in short, the scientist, before gathering and collating facts, must have a pretty good idea of what to look for, and why.

*Economic Thought Before Adam Smith*, p. 292

The development of knowledge in a discipline is not a steady continuous march upward into the light, patiently discarding refuted hypotheses and adding continually to the stock of cumulative knowledge. But rather, the history of the discipline is a zig-zag of great gain and loss, of advances in knowledge followed by decay and false leads, and then by periods of attempts to recapture lost knowledge, trying often dimly and against fierce opposition, to regain paradigms lost.

*Economic Thought Before Adam Smith*, p. 502

... human history is basically a race between State power and social power, between the beneficent fruits of peaceful and voluntary production and creativity on the one hand, and the crippling and parasitic blight of State power upon the voluntary and productive social process.

*Ethics of Liberty*, p. 188

One of the most vital struggles in the writing and publishing of history is the conflict between the government's propaganda myths, enshrined in "official history," and historical reality brought forward by "revisionism."

*Left and Right*, p. 231

If two historians differ, how can the reader come to a judgment? In basically the same way as when two economists differ, or two philosophers differ: by learning and reading more about the discipline of history and about the concrete areas under discussion.

*Libertarian Forum v. 1*, p. 380

It is part of the inescapable condition of the historian that he must make estimates and judgments about human motivation even though he cannot ground his judgments in absolute and apodictic certainty. ... the good historian cannot escape making a judgment of motivation ...

*Libertarian Forum v. 1*, p. 520

If all States are evil, some are more evil than others, some particular States have engaged in enormously more aggression, both internally against their subjects, and externally against the citizens of other States. ... If we libertarians are to understand the real world, and to try to bring about the victory of liberty in that world, we must understand the actual history of concrete, existent States. History provides the indispensable data by which we can understand and deal with our world, and by which we can assess the relative guilt, the relative degrees of aggression committed by the various states.

*Libertarian Forum v. 2, p. 639*

Revisionism is an historical discipline made necessary by the fact that all States are governed by a ruling class that is a minority of the population, and which subsists as a parasitic and exploitative burden upon the rest of society. Since its rule is exploitative and parasitic, the State must purchase the alliance of a group of "Court Intellectuals," whose task is to bamboozle the public into accepting and celebrating the rule of its particular State. The Court Intellectuals have their work cut out for them. In exchange for their continuing work of apologetics and bamboozlement, the Court Intellectuals win their place as junior partners in the power, prestige, and loot extracted by the State apparatus from the deluded public.

The noble task of Revisionism is to de-bamboozle: to penetrate the fog of lies and deception of the State and its Court Intellectuals, and to present to the public the true history of the motivation, the nature, and the consequences of State activity. By working past the fog of State deception to penetrate to the truth, to the reality behind the false appearances, the Revisionist works to delegitimize, to desanctify, the State in the eyes of the previously deceived public. By doing so, the Revisionist, even if he is not a libertarian personally, performs a vitally important libertarian service. Hence, the Revisionist historian performs crucial libertarian tasks regardless of his own personal ideology. Since the State cannot function, cannot command majority support vital to its existence without imposing a network of deception. Revisionist history becomes a crucial part of the tasks of the libertarian movement. Crucial especially because

Revisionism goes beyond pure theory to expose and reveal the specific lies and crimes of the State as it exists in concrete reality.

... Since war and foreign policy provide the State with its easiest means of delusion and deception. Revisionist exposure on the foreign affairs front is the most important avenue of desanctification and delegitimation of the State apparatus and of State aggression.

*Libertarian Forum v. 2*, pp. 639–40

History usually proceeds at a glacial pace, so glacial that often no institutional or political changes seem to be occurring at all. And then, wham! A piling up of a large number of other minor grievances and tensions reaches a certain point, and there is an explosion of radical social change.

*Making Economic Sense*, p. 416

History can then be interpreted as a race between social power and State power. In the more abundant periods, e.g., after the Industrial Revolution, social power takes a large spurt ahead of political power, which has not yet had a chance to catch up. The stagnant periods are those in which State power has at last come to extend its control over the newer areas of social power. State power and social power are antithetical, and the former subsists by draining the latter.

*Man, Economy, and State with Power and Market*, p. 1332

... the historian is more than a chronicler; he must also have a command of the significance of events, he must be able to convey to the reader the meaning and interpretation of the past. ... the historian must have a “vision” of the meaning, of the significance, of the material he is presenting.

*Strictly Confidential*, pp. 87–88

The besetting problem among all historians is that they tend, inherently and naturally, to favor the institutions or people whom they choose to study — or, rather, that they choose to study that which they favor.

*Strictly Confidential*, p. 215



Economic history is almost worthless unless the historian has a knowledge of sound economics as well as of his historical period

...

*Strictly Confidential*, p. 218

The task of the historian or journalist is to capture the essence of the events of the day or of an age, and to select and present his facts accordingly.

*Strictly Confidential*, p. 386

## HOBBS, THOMAS

... the philosophic apologist for monarchical absolutism ...

*Economic Thought Before Adam Smith*, p. 296

... a statist and a totalitarian ...

*Ethics of Liberty*, p. 22n3

## HUME, DAVID

Reason, for Hume and for later utilitarians, is only a hand-maiden, a slave to the passions. There is no room, then, for natural law to establish any ethic for mankind.

*Classical Economics*, p. 57

Hume ... muddled the waters by including in the concept of money virtually all liquid assets, such as bills of exchange and government securities.

*Classical Economics*, p. 164

Hume's *Treatise* was pivotal in its corrosive and destructive skepticism, managing unfairly to discredit the philosophy of natural law, to create an artificial split between fact and value, and therefore to cripple the concept of natural rights on behalf of utilitarianism and indeed to undermine the entire classical realist analysis of cause and effect. There is no figure more important in the unfortunate discrediting of the classical philosophical tradition of natural

law realism, a tradition that had lasted from Plato and Aristotle at least through Aquinas and the late scholastics.

*Economic Thought Before Adam Smith*, p. 425

David Hume ... in a pre-Keynesian fashion, hailed the allegedly vivifying effects of increases in the quantity of money upon prosperity, and called upon the government to make sure that the supply of money is always at least moderately increasing. ...

Hume's inner contradictions on the quantity of money and inflation permeate his meager writings on economics. On the one hand, continuing inflation over the centuries is depicted as bringing about economic growth; on the other, Hume sternly favored ultra-hard money in relation to the banking system. Thus Hume delivered a hard-hitting attack on the unproductive and inflationary nature of the very existence of fractional-reserve banking. ...

Hume concluded his penetrating analysis with an ultra-hard money policy proposal — 100 percent specie-reserve banking ...

*Economic Thought Before Adam Smith*, pp. 427–28

... Hume had no systematic theory of value, and had no idea whatever of utility as a determinant of value. If anything, he kept stressing that labor was the source of all value.

*Economic Thought Before Adam Smith*, p. 430

... David Hume may be considered a free trader and opponent of mercantilism.

*Economic Thought Before Adam Smith*, p. 430

... while David Hume knew nothing of utility and spoke of labor as the source of value, he was far sounder on value theory than his close friend Adam Smith.

*Economic Thought Before Adam Smith*, p. 451

Hume is generally considered the great debunker of natural law ...

*Economic Thought Before Adam Smith*, p. 528

... one of the greatest economists of all time ...

*Egalitarianism as a Revolt Against Nature*, p. 213

David Hume is the philosopher supposed by modern philosophers to have effectively demolished the theory of natural law. Hume's "demolition" was two-pronged: the raising of the alleged "fact-value" dichotomy, thus debarring the inference of value from fact, and his view that reason is and can only be a slave to the passions. In short, in contrast to the natural-law view that man's reason can discover the proper ends for man to follow, Hume held that only the emotions can ultimately set man's ends, and that reason's place is as the technician and handmaiden to the emotions. ... According to this view, people's emotions are assumed to be primary and unanalyzable givens.

... however, Hume, in the course of his own discussions, was compelled to reintroduce a natural law conception into his social philosophy and particularly into his theory of justice ...

... Hume was compelled to write that reason can establish such a social ethic ... in short, reason can be superior to the passions.

*Ethics of Liberty*, pp. 14–15

... a philosophic disaster but quietly benign in social and political matters ...

*Irrepressible Rothbard*, p. 284

David Hume, in contrast to his banking-school friend Adam Smith, believed in 100 percent specie reserve banking.

*Mystery of Banking*, p. 287; *Economic Controversies*, p. 875

... one of the first economists.

*What Has Government Done to Our Money?*, p. 24

## IDEAS

Machines are embodied ideas.

*Classical Economics*, p. 374

... if our ideas are determined, then we have no way of freely revising our judgments and of learning truth — whether the truth of determinism or of anything else.

*Economic Controversies*, p. 7

... ideas, freely adopted, determine social institutions, and not *vice versa* ...

*Economic Controversies*, p. 9

... no government, however powerful or coercive, can, in the long run, rule by force alone ... since force, in the long run, lies with the majority of the ruled rather than with the minority of the ruling elite, to maintain their rule the ruling elite must persuade the majority to give it their support. In other words, in the long run, ideas held by the people rule, for good or for ill. Ideas trump brute force.

*Economic Controversies*, p. 194

... thinkers can slip into error and inconsistency, and even write gibberish on occasion. Many historians of thought do not seem able to recognize this simple fact.

*Economic Thought Before Adam Smith*, p. 16

... a person's environment, physical or social, does not "determine" the ideas and knowledge with which he will emerge as an adult. It is a fundamental fact of human nature that a person's ideas are formed for himself; others may influence them, but none can determine absolutely the ideas and values which the individual will adopt or maintain through life.

*Education: Free and Compulsory*, p. 2

... man's mind, using the ideas it has learned, directs his energy in transforming and reshaping matter into ways to sustain and advance his wants and his life. Behind every "produced" good, behind every man-made transformation of natural resources, is an idea directing the effort, a manifestation of man's spirit.

*Ethics of Liberty*, p. 31

... force *per se* cannot rule. Even in the most despotic dictatorship, the government can only persist when it is backed by the majority of the population. In the long run, ideas, not force, rule ...

*Irrepressible Rothbard*, p. 8

... ideas are the key; and spreading correct doctrine is a necessary part of any libertarian strategy.

*Irrepressible Rothbard*, p. 39

... ideas, good or bad, often keep marching on ...

*Irrepressible Rothbard*, p. 280

Ideas need not be a highly abstract level ...

*Libertarian Forum v. 1*, p. 520

... there is no such thing as Platonic ideas floating in some sort of abstract vacuum ... ideas are held, for good or bad, by people ...

*Libertarian Forum v. 2*, p. 1133

Bad and discredited ideas, it seems, never die.

*Making Economic Sense*, p. 123

Ideas have consequences ...

*Making Economic Sense*, p. 391

... an actor chooses means from his environment, in accordance with his ideas, to arrive at an expected end.

*Man, Economy, and State with Power and Market*, p. 4

... for any action, there must be some plan or idea of the actor about how to use things as means, as definite pathways, to desired ends. Without such plans or ideas, there would be no action.

*Man, Economy, and State with Power and Market*, p. 11

... ideas can be refuted only by other ideas ...

*Man, Economy, and State with Power and Market*, p. 975

Resistance of an organization to new ideas has occurred significantly even in efficient, alert corporations — how much more would it occur in government, where there is neither the incentive nor the possibility of a profit-and-loss check on its efficiency!

*Science, Technology, and Government*, p. 62

## IDEOLOGY

... an opposition or revolutionary movement, or indeed any mass movement from below, cannot be primarily guided by ordinary economic motives. For such a mass movement to form, the masses must be fired up, must be aroused to a rare and uncommon pitch of fervor against the existing system. But for that to happen, the masses must be fired up by ideology. Only ideology, guided either by a new religious conversion or by a passion for justice, can arouse the interest of the masses (in the current jargon, “raise their consciousness”) and lead them out of the morass of daily habit into an uncommon and militant activity in opposition to the state.

*Conceived in Liberty v. 3*, p. 353; p. 1117

... only a fiercely held ideology, centering on a passion for justice, can keep the intellectuals to the rigorous path of truth. ...

... statisticians tend to be governed by economic motivation, with ideology serving as a smokescreen for such motives, while libertarians or antistatists are ruled principally and centrally by ideology, with economic defense playing a subordinate role.

*Conceived in Liberty v. 3*, p. 354; p. 1118

... the majority must be persuaded by ideology that their government is good, wise and, at least, inevitable, and certainly better than other conceivable alternatives. Promoting this ideology among the people is the vital social task of the “intellectuals.” For the masses of men do not create their own ideas, or indeed think through these ideas independently; they follow passively the ideas adopted and disseminated by the body of intellectuals. The intellectuals are, therefore, the “opinion-molders” in society.

*Egalitarianism as a Revolt Against Nature*, pp. 62–63

Ideology has always been vital to the continued existence of the State, as attested by the systematic use of ideology since the ancient Oriental empires. The specific content of the ideology has, of course, changed over time, in accordance with changing conditions and cultures. In the Oriental despotisms, the Emperor was often held by the Church to be himself divine; in our more secular age, the argument runs more to “the public good” and the “general welfare.” But the purpose is always the same: to convince the public that what the State does is not, as one might think, crime on a gigantic scale, but something necessary and vital that must be supported and obeyed. The reason that ideology is so vital to the State is that it always rests, in essence, on the support of the majority of the public.

*Ethics of Liberty*, pp. 168–69

Lack of ideology simply means lack of any ideology that differs at all fundamentally from the ruling system.

*Libertarian Forum v. 1*, p. 5

... in a profound sense that the “bad guys” in history are largely economically motivated, and the “good guys” ideologically motivated ...

... the “bad guys,” the statist, are governed by economic motivation with ideology serving as a smokescreen for such motives, whereas the “good guys,” the libertarians or anti-statist, are ruled principally and centrally by ideology, with economic defense playing a subordinate role.

*Libertarian Forum v. 1*, pp. 520–21

When the “bad guys” act ... when they form a State ... their primary motivation is economic: to increase their plunder at the expense of the subject and taxpayer. The ideology that they profess and that is formulated and spread through society by the Court Intellectuals is merely an elaborate rationalization for their venal economic interests. The ideology is the smokescreen for their loot, the fictitious clothes spun by the intellectuals to hide the naked plunder of the Emperor. The task of the historian, then, is to penetrate to the essence of the transaction, to strip the ideological garb

from the Emperor State and to reveal the economic motive at the heart of the issue.

*Libertarian Forum v. 1, p. 521*

It is only ideology, guided either by a new religious conversion, or by a passion for justice, that can arouse the interest of the masses (in the current jargon to “raise their consciousness”) and lead them out of their morass of daily habit into an uncommon and militant activity in opposition to the State. This is not to say that an economic motive, a defense for example of their property, does not play an important role. But to form a mass movement in opposition means that they must shake off the habits, the daily mundane concerns of several lifetimes, and become politically aroused and determined as never before in their lives. Only a common and passionately believed in ideology can perform that role. ...

By the very nature of the masses, it is impossible for them to arrive at such a revolutionary or opposition ideology on their own. Habituated as they are to their narrow and daily rounds, uninterested in ideology as they normally are, concerned with daily living, it is impossible for the masses to lift themselves up by their own bootstraps to hammer out an ideological movement in opposition to the existing State. ... In contrast to the statist Court Intellectual, whose role is a junior partner in rationalizing the economic interests of the ruling class, the radical or opposition intellectual's role is the centrally guiding one of formulating the opposition or revolutionary ideology and then to spread the ideology to the masses, thereby welding them into a revolutionary movement.

... setting oneself up in opposition to an existing State is a lonely, thorny, and often dangerous road. ... only a fiercely held ideology, centering on a passion for justice, can keep the intellectual to the rigorous path of truth.

*Libertarian Forum v. 1, p. 521*

No ideological revolution proceeds on a continuous straight line from birth to triumphant victory. Every such revolution proceeds in a zig-zag manner.

*Libertarian Forum v. 2, p. 1191*



The problem of an ideology is not whether it is put forth in an emotional, a matter-of-fact, or a dull manner. The question is whether or not the ideology is correct.

*Strictly Confidential*, p. 33

... every major social change came about, and necessarily so, through an ideological revolution.

*Strictly Confidential*, p. 44

## IMMIGRATION

... the private ownership of all streets would resolve the problem of the “human right” to freedom of immigration. There is no question about the fact that current immigration barriers restrict not so much a “human right” to immigrate, but the right of property owners to rent or sell property to immigrants. There can be no human right to immigrate, for on whose property does someone else have the right to trample?

*Ethics of Liberty*, p. 119

The libertarian society would resolve the entire “immigration question” within the matrix of absolute property rights.

*Ethics of Liberty*, p. 120

Libertarians favor freedom of movement and immigration ...

*Libertarian Forum v. 2*, p. 1027

Someone who emigrates from one country to another in expectation of a higher wage is in this sense an entrepreneur and may obtain a monetary profit or loss from his move.

*Man, Economy, and State with Power and Market*, p. 604

Caught in an insoluble contradiction are those believers in the free market and private property who still uphold immigration barriers. They can do so only if they concede that the State is the owner of all property, but in that case they cannot have true private property in their system at all.

*Man, Economy, and State with Power and Market*, p. 1147

## IMPERIALISM

... far from being an inherent stage of capitalism, modern imperialism was a throwback to the pre-capitalist imperialism of earlier ages, but with a minority of privileged capitalists now joined to the feudal and military castes in promoting imperialist aggression.

*Egalitarianism as a Revolt Against Nature*, p. 30n5

... the libertarian must condemn imperialism.

*Ethics of Liberty*, p. 196

Aside from being a necessary condition to the achievement of justice, national liberation is the only solution to the great world problems of territorial disputes and oppressive national rule.

*Libertarian Forum v. 1*, p. 45

“National self-determination” is only a harmless metaphor for a movement against imperial dictation.

*Libertarian Forum v. 1*, p. 212

Imperialism, then, cannot win ...

*Libertarian Forum v. 1*, p. 557

The logic of empire promises only permanent war, permanent tyranny, and permanent injustice, and, in the end, failure even on its own terms.

*Libertarian Forum v. 2*, p. 1037

## INDEX CALCULATION

... the price, or purchasing power, of the money unit will be an array of the quantities of alternative goods and services that can be purchased for a dollar. Since the array is heterogeneous and specific, it cannot be summed up in some unitary price-level figure.

*Economic Controversies*, p. 687

... there is no such thing as a single, scientific index of the movement of general prices. All such indexes are strictly arbitrary, and there are a huge number of possible indexes, all of which create insuperable economic distortions. ... Every individual and group in the country experiences different cost-of-living “indexes” ...

*Libertarian Forum v. 1*, p. 470

Every person experiences his own “inflation rate,” depending on what he customarily buys. ...

There is, then, no “scientific” or unflawed measurement of the movement of consumer prices. The only excuse for any such index is that it be consistent, that is, whatever its flaws, it be consistent over the years so that movements in the index can have a substantial degree of coherent meaning. To change the nature of such indices is to deceive, for it is to abandon consistency and to doctor the data for political effect.

*Libertarian Forum v. 2*, p. 1024

... the concept of an average for prices is a common fallacy. ...

... for several things to be averaged together, they must first be totaled. In order to be thus added together, the things must have some unit in common, and it must be this unit that is added. Only homogeneous units can be added together.

*Man, Economy, and State with Power and Market*, p. 838

... any concept of average price level involves adding or multiplying quantities of completely different units of goods, such as butter, hats, sugar, etc., and is therefore meaningless and illegitimate.

*Man, Economy, and State with Power and Market*, p. 839

... there is no scientific, objective means of measuring changes in the value of money. Scientifically, one index number is just as arbitrary and bad as any other.

*Man, Economy, and State with Power and Market*, p. 848

The concept of an average for prices is a common fallacy. It is easy to demonstrate that prices can never be averaged for different commodities ...

*Strictly Confidential*, p. 247

Any form of averaged price-level concept involves the adding or multiplying of the quantities of completely different units of goods, such as butter, hats, sugar, etc., and is therefore meaningless and illegitimate. Even pounds of sugar and pounds of butter cannot be added together ...

*Strictly Confidential*, p. 248

## INDIVIDUALISM

The true science of man bases itself upon the existence of individual human beings, upon individual life and consciousness. ... The true science of man concentrates on the individual as of central, epistemological and ethical importance.

*Economic Controversies*, p. 23

Individual valuation is the keystone of economic theory.

*Economic Controversies*, p. 289

The glory of the human race is the uniqueness of each individual, the fact that every person, though similar in many ways to others, possesses a completely individuated personality of his own. It is the fact of each person's uniqueness — the fact that no two people can be wholly interchangeable — that makes each and every man irreplaceable and that makes us care whether he lives or dies, whether he is happy or oppressed. And, finally, it is the fact that these unique personalities need freedom for their full development that constitutes one of the major arguments for a free society.

*Economic Controversies*, p. 601

... libertarians, if they have any personal philosophy beyond freedom from coercion, are supposed to be at the very least individualists, and if they are individualists they should be heartily in favor

of each individual's advancing of his own "ego." What's, wrong with ego?

*Libertarian Forum v. 1, p. 184*

The first truth to be discovered about human action is that it can be undertaken only by individual "actors." Only individuals have ends and can act to attain them.

*Man, Economy, and State with Power and Market, p. 2*

... every individual knows the data of his own inner self best — by the very fact that each has a separate mind and ego.

*Man, Economy, and State with Power and Market, p. 1301*

Rugged individualism, also known as social Darwinism, is inhumane and illogical; it is based on a completely false use of analogy and an absurd theory of ethics.

*Rothbard vs. the Philosophers, p. 50*

The Rugged Individualist glorifies struggle and condemns the easy path. Since the whole process of civilization has been the cumulative attempt to make it easier to satisfy man's desires, the Rugged Individualist is of necessity opposed to civilization.

*Rothbard vs. the Philosophers, p. 55*

... rugged individualism really turns out to be rugged collectivism.

*Rothbard vs. the Philosophers, p. 57*

## INDUSTRIAL REVOLUTION

The Industrial Revolution freed the masses of men from their abject poverty and hopelessness — a poverty aggravated by a growing population that could find no employment in the frozen economy of pre-industrial Europe. The Industrial Revolution, the achievement of free-market capitalism, meant a steady and rapid improvement in the living conditions and the quality of life for the broad masses of people, for workers and consumers alike ...

*Economic Controversies, p. 660*

... free market capitalism arrived full scale with the Industrial Revolution in Western Europe, a revolution that brought about a remarkable release of creative energy and productive ability, an enormous increase of production.

*Economic Controversies*, p. 676

... the Industrial Revolution in England, spurred by a roughly free-market economy, enormously improved rather than crippled the standard of living of the average consumer and worker in England.

*Libertarian Forum v. 1*, p. 516

Mass consumption was a feature of the Industrial Revolution from the beginning ...

*Man, Economy, and State with Power and Market*, p. 972

## INFANT INDUSTRIES

... there is no more need for government to protect a new, young, industry from foreign competition than there is to protect it from domestic competition.

... Any government subsidizing of a new industry will funnel too many resources into that industry as compared to older firms ...

*Making Economic Sense*, p. 364

... “infancy” for protectionists never ends, and the “temporary” period of support stretched on forever. ...

... In reality, protection is a subsidy for the inefficient and tends to perpetuate and aggravate the inefficiency, be the industry young, mature, or “old.” A protective tariff or quota provides a shelter for inefficiency and mismanagement to multiply ... The result is a perpetually uncompetitive industry. ... Only exposure to competition can make a firm or an industry competitive.

*Making Economic Sense*, p. 382

Logically, the infant industry argument must be applied to interlocal and interregional trade as well as international. Failure to realize

this is one of the reasons for the persistence of the argument. Logically extended, in fact, the argument would have to imply that it is impossible for any new firm to exist and grow against the competition of older firms, wherever their locations.

*Man, Economy, and State with Power and Market*, p. 1107

Logically, the “infant industry” argument must apply to interlocal and regional as well as national trade, and failure to apply it to those areas is one of the reasons for the persistence of this point of view. Logically extended, the argument would imply that it is difficult or impossible for any firm to exist and grow against the competition of existing firms in the industry, wherever located. Illustrations of this growth, and of decay of old firms, however, are innumerable ...

*Strictly Confidential*, p. 252

## INFLATION

... persistent inflation is brought about by continuing and chronic increases in the supply of money ...

*America's Great Depression*, p. xxvii

The fault of inflation is not in business “monopoly,” or in union agitation, or in the hunches of speculators, or in the “greediness” of consumers; the fault is in the legalized counterfeiting operations of the government itself. For the government is the only institution in society with the power to counterfeit — to create new money. So long as it continues to use that power, we will continue to suffer from inflation, even unto a runaway inflation that will utterly destroy the currency.

*America's Great Depression*, p. xxviii

If one price goes up and another down, we may conclude that demand has shifted from one industry to another; but if all prices move up or down together, some change must have occurred in the monetary sphere. Only changes in the demand for, and/or the supply of, money will cause general price changes. An increase in the

supply of money, the demand for money remaining the same, will cause a fall in the purchasing power of each dollar, i.e., a general rise in prices; conversely, a drop in the money supply will cause a general decline in prices. On the other hand, an increase in the general demand for money, the supply remaining given, will bring about a rise in the purchasing power of the dollar (a general fall in prices); while a fall in demand will lead to a general rise in prices. Changes in prices in general, then, are determined by changes in the supply of and demand for money.

*America's Great Depression*, pp. 6–7

Government is inherently inflationary ...

*America's Great Depression*, p. 24

Inflation is a form of taxation, since the government can create new money out of thin air and use it to bid away resources from private individuals, who are barred by heavy penalty from similar “counterfeiting.” Inflation therefore makes a pleasant substitute for taxation for the government officials and their favored groups, and it is a subtle substitute which the general public can easily — and can be encouraged to — overlook. The government can also pin the blame for the rising prices, which are the inevitable consequence of inflation, upon the general public or some disliked segments of the public, e.g., business, speculators, foreigners.

*America's Great Depression*, p. 24

... the overwhelmingly dominant cause of the virus of chronic price inflation is inflation, or expansion, of the supply of money. Just as an increase in the production or supply of cotton will cause that crop to be cheaper on the market; so will the creation of more money make its unit of money, each franc or dollar, cheaper and worth less in purchasing power of goods on the market.

*Case Against the Fed*, pp. 9–10

... we cannot rely upon Alan Greenspan, or any Federal Reserve Chairman, to wage the good fight against the chronic inflation that has wrecked our savings, distorted our currency, levied hidden



redistribution of income and wealth, and brought us devastating booms and busts. Despite the Establishment propaganda, Greenspan, the Fed, and the private commercial bankers are not the “inflation hawks” they like to label themselves. The Fed and the banks are not part of the solution to inflation; they are instead part of the problem. In fact, they are the problem. The American economy has suffered from chronic inflation, and from destructive booms and busts, because that inflation has been invariably generated by the Fed itself. That role, in fact, is the very purpose of its existence: to cartelize the private commercial banks, and to help them inflate money and credit together, pumping in reserves to the banks, and bailing them out if they get into trouble.

*Case Against the Fed*, p. 144

There is only one way to eliminate chronic inflation, as well as the booms and busts brought by that system of inflationary credit: and that is to eliminate the counterfeiting that constitutes and creates that inflation. And the only way to do that is to abolish legalized counterfeiting: that is, to abolish the Federal Reserve System, and return to the gold standard ...

*Case Against the Fed*, p. 146

The natural tendency of the state is inflation.

*Case for a 100 Percent Gold Dollar*, p. 38

Government is just as much, if not more, inclined toward monetary and credit inflation as any private central bank. Government can always use inflation to finance the deficits it desires and to subsidize credit to its political allies.

*Classical Economics*, p. 234

Any scheme for inflating the money supply, whether private or public, can only redistribute income and wealth, cripple or destroy the unit of calculation indispensable to a modern economy, weaken incentives to save, and generally cripple and eventually destroy the economic system. The eventual end is hyperinflation and economic disaster.

*Economic Controversies*, p. 209

... the government's intervention into the monetary system is invariably inflationary ...

*Economic Controversies*, p. 235

... money creation functions as a hidden and insidious form of taxation and expropriation of the property and resources of producers.

*Economic Controversies*, p. 439

... monetary inflation is a method by which the government, its controlled banking system, and favored political groups are able to partially expropriate the wealth of other groups in society.

*Economic Controversies*, p. 700

The ultimate result of a policy of persistent inflation is runaway inflation and the total collapse of the currency.

*Economic Controversies*, p. 700

... "inflation" — the increase of paper money or bank liabilities — is a hidden, and therefore particularly insidious, form of taxation. Being hidden, an inflation of money is not likely to arouse the opposition that may be stirred by overt taxation.

*Economic Controversies*, p. 713

... inflation is the health of the State ...

*Economic Controversies*, p. 717

... an increase in the money supply can only dilute the effectiveness of each existing money unit, and therefore must be "inflationary" in the sense of raising prices beyond what they would have been otherwise.

*Economic Controversies*, p. 880

... the State is inherently inflationary ...

*Economic Controversies*, p. 909

... the state has always been attracted by the idea of creating its own money in addition to plundering directly the wealth of its subjects.

*Economic Thought Before Adam Smith*, p. 227

... all prices are determined inversely by the supply of the good and directly by the demand for it. But the supplies of goods are, in general, going up year after year in our still growing economy. So that, from the point of view of the supply side of the equation, most prices should be falling, and we should right now be experiencing a nineteenth-century-style steady fall in prices (“deflation”). If chronic inflation were due to the supply side — to activities by producers such as business firms or unions — then the supply of goods overall would necessarily be falling, thereby raising prices. But since the supply of goods is manifestly increasing, the source of inflation must be the demand side — and the dominant factor on the demand side, as we have indicated, is the total supply of money.

*For a New Liberty*, p. 219

... price inflation is always caused by an increase in the money supply. In particular, it is caused by bank credit expansion propelled by the central government. Price rises are not caused by particularly wicked groups in the market: by unions, businessmen, Jews, speculators, foreigners, or whatever, as governments have throughout history charged in order to take the blame and attention off governmental shoulders.

*Left and Right*, p. 229

What happens is that the federal government pumps new money into the economy through Federal Reserve expansion, and then, when the people begin to spend their new money and prices begin to rise, the government proceeds to denounce the public for “spending too much” and levies higher income taxes to “sop up their excess purchasing power” — thus levying both a swindle and a double burden upon the long-suffering public. Spending and government fiscal policy, furthermore, are irrelevant to price inflation, which is determined by the supply and demand of money.

... To advocate higher taxes in order to check higher prices is like advocating a person's murder in order to cure him of disease.

*Libertarian Forum v. 1, p. 33*

... prices depend not only on the quantity of money but also on the subjective demand to hold money on the part of the populace. As an inflationary boom proceeds and prices continually rise, expectations of future increases become built-in to the psychology of the public. Hence, their demand to hold money begins to fall, as people decide to make their purchases now rather than later when they know that prices will be higher. The mere cessation of monetary inflation cannot, all at once, reverse these inflationary expectations. Hence, prices will keep rising until the determination of the government not to inflate the money supply further becomes credible among the public.

*Libertarian Forum v. 1, p. 122*

... we cannot account for the continuing inflation from the production side. Where then is the culprit? It is the money side. ...

Who, then, is responsible for the continual and growing increases in the supply of money? It is not big business or little business or labor unions or consumer "greed" or international speculators or any of the other economic forces that government has focused on to pin the blame for inflation. The culprit is none other than the federal government itself. It is the federal government and no other organization that has absolute and effective control of the supply of money, and regulates it to its own content. It is the federal government that has been merrily increasing the supply of money, to "stimulate" the economy, to finance its own now enormous budget deficits, to help out favored borrowers, to lower interest rates, or for any other reason.

... First it pumps more money into the economy, and continues to do so. Then, as the new money inevitably spreads throughout the society, and as prices and wages and rents inevitably increase in response, the government itself becomes increasingly possessed with righteous indignation. It issues edicts, bellows about social responsibility, and denounces various groups in turn for supposedly causing the price inflation. Business is denounced for raising

prices, labor unions for asking and obtaining wage increases, landlords for raising rents, and sometimes consumers for spending too much. But never, never does the government bother to point to its own responsibility for the whole problem. Instead, it continues to pour more money into the system, and then to wax indignant when prices and wages rise in inevitable response. The White Knight of government, with its myriad of experts and advisers, marching out to man the ramparts of the “fight against inflation,” turns out to be the very culprit who is the source and origin of the whole problem.

*Libertarian Forum v. 1, p. 230*

... it is the hidden force of the money supply that is at work in determining inflation.

*Libertarian Forum v. 1, p. 235*

Unfortunately, the public cannot be expected to understand the arcane processes by which the Fed and other central banks keep increasing the money supply and thereby bring about continuing and accelerating inflation. ...

Unfortunately, the public is still ignorant of the cause of inflation: the expansion of the money supply by the Fed and the other central banks.

*Libertarian Forum v. 1, p. 485*

... to advocate high taxes in order to stop inflation is like advocating the guillotine as a cure for cancer. Regardless of how bad a high price is, say, for a loaf of bread, it is still better than a tax, for at least one can eat the bread, whereas a tax provides no service to the consumer whatsoever. ...

... the government and its central bank’s continuing expansion of the money supply — its legalized counterfeiting, to be blunt about it — is the only cause of inflation. Higher taxes, even in balancing the budget, will only redistribute money and income from private to governmental hands, and will not solve the cancerous problem of governmental money growth.

*Libertarian Forum v. 1, pp. 509–10*

An increase in one price does not “cause inflation.” On the contrary, the paying of higher prices for one product would ordinarily leave consumers with only one option: to cut their demand for other products, and thereby to lower other prices. The rise of prices in general cannot be caused by occurrences in one industry; they can only result from increases in consumer demand, which in turn can only come about from governmental increases in the supply of money ...

*Libertarian Forum v. 1*, p. 520

... government, as legalized monopoly counterfeiter, is inherently inflationary ...

*Libertarian Forum v. 2*, p. 1012

... monetary inflation is a hidden form of taxation or redistribution of wealth, to the government and its favored groups and from the rest of the population.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 11

... inflation is chronic because of the systematic expansion of the money supply.

*Making Economic Sense*, p. 12

Price inflation is the consequence of the monetary inflation pumped in by the Federal Reserve ...

*Making Economic Sense*, p. 36

In truth, price inflation is not a disease to be combatted by government; it is only necessary for the government to cease inflating the money supply.

*Making Economic Sense*, p. 252

Inflation, credit expansion, business cycles, heavy government debt, and high taxes are not, as Establishment historians claim, inevitable attributes of capitalism or of “modernization.” On the contrary, these are profoundly anti-capitalist and parasitic excrescences grafted onto the system by the interventionist State ...

*Making Economic Sense*, p. 293

After the money supply is increased, prices do not rise automatically; the resulting inflation depends on human choices and the public's decisions to hold or not to hold money.

*Making Economic Sense*, p. 334

... only when the power to create money, that is, to counterfeit, is taken totally out of the hands of government will the curse of inflation truly disappear forever.

*Making Economic Sense*, p. 338

... inflation, creating new money is, anyway, a form of taxation.

*Man, Economy, and State with Power and Market*, p. 911

The process of issuing pseudo warehouse receipts or, more exactly, the process of issuing money beyond any increase in the stock of specie, may be called inflation. ... Clearly, inflation is the primary event and the primary purpose of monetary intervention. ... A priori, almost all intervention will be inflationary.

*Man, Economy, and State with Power and Market*, p. 990

Inflation is any increase in the supply of money not matched by an increase in the gold or silver stock available ...

*Man, Economy, and State with Power and Market*, p. 991

... inflation reduces saving and investment, thus lowering society's standard of living.

*Man, Economy, and State with Power and Market*, p. 993

... inflation tends at once to repress saving-investment and to cause consumption of capital.

*Man, Economy, and State with Power and Market*, p. 994

Most people believe that government officials must constantly pace the ramparts, armed with a huge variety of "control" programs designed to combat the inflation enemy. Yet all that is

really necessary is that the government and the banks (nowadays controlled almost completely by the government) cease inflating.

*Man, Economy, and State with Power and Market*, p. 1022

... praxeologically, there is no difference between the nature and effects of taxation and inflation on the one hand, and of robberies and counterfeiting on the other. Both intervene coercively in the market, to benefit one set of people at the expense of another set.

*Man, Economy, and State with Power and Market*, pp. 1149–50

Only coercive intervention, not private spending, can bring about inflation.

*Man, Economy, and State with Power and Market*, p. 1299

Government inflation not only must injure half the population for the benefit of the other half, but may also lead to a business-cycle depression or collapse of the currency.

*Man, Economy, and State with Power and Market*, p. 1364

Debasement, then, is the arbitrary redefining and lightening of the currency so as to add to the coffers of the State.

*Mystery of Banking*, p. 11

... a continuing, sustained inflation — that is, a persistent rise in overall prices — can either be the result of a persistent, continuing fall in the supply of most or all goods and services, or of a continuing rise in the supply of money. Since we know that in today's world the supply of most goods and services rises rather than falls each year, and since we know, also, that the money supply keeps rising substantially every year, then it should be crystal clear that increases in the supply of money, not any sort of problems from the supply side, are the fundamental cause of our chronic and accelerating problem of inflation.

*Mystery of Banking*, p. 28

... the essence of inflation is the process by which a large and hidden tax is imposed on much of society for the benefit of government



and the early receivers of the new money. Inflationary increases of the money supply are pernicious forms of tax because they are covert, and few people are able to understand why prices are rising. Direct, overt taxation raises hackles and can cause revolution; inflationary increases of the money supply can fool the public — its victims — for centuries.

*Mystery of Banking*, p. 53

... price levels are determined by the supply and the demand for money ... expansion of the money supply — a function solely of government — is the prime active force in inflation.

*Mystery of Banking*, p. 74

... the cause of our chronic inflation is continuing increases in the supply of money, which eventually generate inflationary expectations that aggravate and accelerate the inflation. Eventually, if unchecked, the inflation runs away into a crack-up boom and destruction of the currency.

*Mystery of Banking*, p. 75

... the chronic and accelerating inflation of our time has been caused by a fundamental change in the monetary system. From a money, centuries ago, based solidly on gold as the currency, and where banks were required to redeem their notes and deposits immediately in specie, we now have a world of fiat paper moneys cut off from gold and issued by government-privileged Central Banks. The Central Banks enjoy a monopoly on the printing of paper money, and through this money they control and encourage an inflationary fractional reserve banking system which pyramids deposits on top of a total of reserves determined by the Central Banks. Government fiat paper has replaced commodity money, and central banking has taken the place of free banking. Hence our chronic, permanent inflation problem, a problem which, if unchecked, is bound to accelerate eventually into the fearful destruction of the currency known as runaway inflation.

*Mystery of Banking*, p. 176

A price, therefore, is a free act of voluntary exchange between two individuals, both of whom benefit by the exchange (else the exchange would not be made!). A tax is a compulsory act of expropriation, with no benefit accruing to the individual (unless he happens to be on the receiving end of property expropriated by the State from someone else).

In the light of this distinction, advocating high taxes to prevent high prices is similar to a highway robber assuring the victim that his robbery is checking inflation.

*Strictly Confidential*, p. 226

Inflation may be defined as any increase in the economy's supply of money not consisting of an increase in the stock of the money metal. Fractional reserve banks, therefore, are inherently inflationary institutions.

*What Has Government Done to Our Money?*, p. 41

Inflation (an increase in money substitutes not covered by an increase in the metal stock) is never socially useful, but merely benefits one set of people at the expense of another. Inflation, being a fraudulent invasion of property, could not take place on the free market.

*What Has Government Done to Our Money?*, p. 48

... governments are inherently inflationary ... inflation is a powerful and subtle means for government acquisition of the public's resources, a painless and all the more dangerous form of taxation.

*What Has Government Done to Our Money?*, p. 50

Inflation, therefore, lowers the general standard of living in the very course of creating a tinsel atmosphere of "prosperity."

Fortunately, inflation cannot go on forever. For eventually people wake up to this form of taxation ...

*What Has Government Done to Our Money?*, p. 54

What governments want, after all, is not simply inflation, but inflation completely controlled and directed by themselves.

*What Has Government Done to Our Money?*, p. 68

Hyperinflation occurs when the public realizes that the government is bent on inflation, and decides to evade the inflationary tax on its resources by spending money as fast as possible while it still retains some value.

*What Has Government Done to Our Money?*, pp. 81–82

... governments are inherently inflationary, since inflation is a tempting means of acquiring revenue for the State and its favored groups.

*What Has Government Done to Our Money?*, p. 86

## INTELLECTUAL PROPERTY

Violation of (common law) copyright is an equivalent violation of contract and theft of property. ... our theory of property rights includes the inviolability of contractual copyright.

*Ethics of Liberty*, p. 123

... violation of copyright should indeed be illegal.

*Libertarian Forum v. 2*, p. 1123

The patent is incompatible with the free market precisely to the extent that it goes beyond the copyright.

*Man, Economy, and State with Power and Market*, p. 747

... copyright is a logical attribute of property right on the free market, while patent is a monopoly invasion of that right.

*Man, Economy, and State with Power and Market*, p. 748

If it is desired to maintain a free market, it is particularly important to allow copyrights, but not patents, for mechanical inventions.

... On the free market, there would therefore be no such thing as patents. There would, however, be copyright for any inventor or creator who made use of it, and this copyright would be perpetual, not limited to a certain number of years.

*Man, Economy, and State with Power and Market*, p. 749

... patents distort the type of research expenditure being conducted. ... competitors can often be indefinitely discouraged from further research expenditures in the general area covered by the patent. Moreover, the patentee is himself discouraged from engaging in further research in this field, for the privilege permits him to rest on his laurels for the entire period of the patent, with the assurance that no competitor can trespass on his domain. The competitive spur for further research is eliminated. Research expenditures are therefore overstimulated in the early stages before anyone has a patent, and they are unduly restricted in the period after the patent is received. In addition, some inventions are considered patentable, while others are not. The patent system then has the further effect of artificially stimulating research expenditures in the patentable areas, while artificially restricting research in the nonpatentable areas.

*Man, Economy, and State with Power and Market*, p. 752

A patent is a grant of monopoly privilege by the government to first discoverers of certain types of inventions. Some defenders of patents assert that they are not monopoly privileges but simply property rights in inventions, or even in “ideas.” But in free-market, or libertarian, law everyone’s right to property is defended without a patent.

*Man, Economy, and State with Power and Market*, p. 1133

Patents, like any monopoly grant, confer a privilege on one and restrict the entry of others, thereby distorting the freely competitive pattern of industry.

*Man, Economy, and State with Power and Market*, p. 1137

## INTELLECTUALS

... no state — no minority — can continue long in power unless supported, even if passively, by the majority. Why then does the majority continue to accept or support the state when it is clearly acquiescing in its own subjection? Why does the majority continue to obey the minority?

Here we arrive at the age-old role of the intellectuals, the opinion-molding groups in society. The ruling class — be it warlords, nobles, bureaucrats, feudal landlords, monopoly merchants, or a coalition of several of these groups — must employ intellectuals to convince the majority of the public that its rule is beneficent, inevitable, necessary, and even divine. The leading role of the intellectual throughout history is that of the court intellectual, who, in return for a share of, a junior partnership in, the power and pelf offered by the rest of the ruling class, spins the apologies for state rule with which to convince a misguided public. This is the age-old alliance of church and state, of throne and altar, with the church in modern times being largely replaced by secular intellectuals and “scientific” technocrats.

*Conceived in Liberty v. 3*, p. 352; p. 1116

Only intellectuals, full-time (or largely full-time) professionals in ideas, have the time, the ability, and the inclination to formulate an opposition ideology and then to spread the word to the people. In contrast to the statist court intellectual, whose role is a junior partner in rationalizing the economic interests of the ruling class, the radical or opposition intellectual’s role is the centrally guiding one of formulating the opposition or revolutionary ideology and then of spreading the ideology to the masses, thereby welding them into a revolutionary movement.

*Conceived in Liberty v. 3*, p. 353; p. 1117

It is an occupational disease of intellectuals to simplify the reality of people, of other people that is, in order to try to understand them. And so intellectuals like to pigeonhole their subjects — other people — into neat, orderly, and simple categories, and to classify and then deal with them in neat and orderly ways. ...

... Intellectuals, in short, are all too often terrible simplifiers, willing and eager to impose massive and painful losses upon other people for the sake of symmetry, uniformity, flatness, or some other simple and abstract ideal.

*Economic Controversies*, p. 549

To make their rule permanent, the State rulers need to induce their subject masses to acquiesce in at least the legitimacy of their rule. For this purpose the State has always taken a corps of intellectuals to spin *apologia* for the wisdom and the necessity of the existing system.

*Economic Controversies*, p. 656

... state rule cannot endure for long without a corps of intellectuals to spin the arguments and the rationale to gain the support and the sense of legitimacy among the public ...

*Economic Controversies*, p. 665

... the intellectual's livelihood in the free market is never too secure; for the intellectual must depend on the values and choices of the masses of his fellow men, and it is precisely characteristic of the masses that they are generally uninterested in intellectual matters. The State, on the other hand, is willing to offer the intellectuals a secure and permanent berth in the State apparatus; and thus a secure income and the panoply of prestige. For the intellectuals will be handsomely rewarded for the important function they perform for the State rulers, of which group they now become a part.

*Egalitarianism as a Revolt Against Nature*, p. 63

The greatest danger to the State is independent intellectual criticism ...

*Egalitarianism as a Revolt Against Nature*, p. 67

... it is precisely the function of the State's ideological minions and allies to explain to the public that the Emperor does indeed have a fine set of clothes. In brief, the ideologists must explain that, while theft by one or more persons or groups is bad and criminal, that when the State engages in such acts, it is not theft but the legitimate and even sanctified act called "taxation." The ideologists must explain that murder by one or more persons or groups is bad and must be punished, but that when the State kills it is not murder but an exalted act known as "war" or "repression of internal subversion." They must explain that while kidnapping or slavery

is bad and must be outlawed when done by private individuals or groups, that when the State commits such acts it is not kidnapping or slavery but “conscription” — an act necessary to the public weal and even to the requirements of morality itself. The function of the statist ideologists is to weave the false set of Emperor’s clothes, to convince the public of a massive double standard: that when the State commits the gravest of high crimes it is really not doing so, but doing something else that is necessary, proper, vital, and even — in former ages — by divine command. The age-old success of the ideologists of the State is perhaps the most gigantic hoax in the history of mankind.

*Ethics of Liberty*, p. 168

... intellectuals, whose services are often not very intensively desired by the mass of consumers, can find a more secure “market” for their abilities in the arms of the State. The State can provide them with a power, status, and wealth which they often cannot obtain in voluntary exchange. For centuries, many (though, of course, not all) intellectuals have sought the goal of Power ...

*Ethics of Liberty*, p. 170

In all societies, public opinion is determined by the intellectual classes, the opinion molders of society. For most people neither originate nor disseminate ideas and concepts; on the contrary, they tend to adopt those ideas promulgated by the professional intellectual classes, the professional dealers in ideas. Now, throughout history ... despots and ruling elites of States have had far more need of the services of intellectuals than have peaceful citizens in a free society. For States have always needed opinion-molding intellectuals to con the public into believing that its rule is wise, good, and inevitable; into believing that the “emperor has clothes.”

*For a New Liberty*, pp. 13–14

... since the early origins of the State, its rulers have always turned, as a necessary bolster to their rule, to an alliance with society’s class of intellectuals. The masses do not create their own abstract ideas, or indeed think through these ideas independently; they follow passively the ideas adopted and promulgated by the body

of intellectuals, who become the effective “opinion molders” in society. And since it is precisely a molding of opinion on behalf of the rulers that the State almost desperately needs, this forms a firm basis for the age-old alliance of the intellectuals and the ruling classes of the State. The alliance is based on a *quid pro quo*: on the one hand, the intellectuals spread among the masses the idea that the State and its rulers are wise, good, sometimes divine, and at the very least inevitable and better than any conceivable alternatives. In return for this panoply of ideology, the State incorporates the intellectuals as part of the ruling elite, granting them power, status, prestige, and material security. Furthermore, intellectuals are needed to staff the bureaucracy and to “plan” the economy and society.

Before the modern era, particularly potent among the intellectual handmaidens of the State was the priestly caste, cementing the powerful and terrible alliance of warrior chief and medicine man, of Throne and Altar. The State “established” the Church and conferred upon it power, prestige, and wealth extracted from its subjects. In return, the Church anointed the State with divine sanction and inculcated this sanction into the populace. In the modern era, when theocratic arguments have lost much of their lustre among the public, the intellectuals have posed as the scientific cadre of “experts” and have been busy informing the hapless public that political affairs, foreign and domestic, are much too complex for the average person to bother his head about. Only the State and its corps of intellectual experts, planners, scientists, economists, and “national security managers” can possibly hope to deal with these problems.

*For a New Liberty*, p. 67

The ruling elite, whether it be the monarchs of yore or the Communist parties of today; are in desperate need of intellectual elites to weave *apologias* for state power. The state rules by divine edict; the state insures the common good or the general welfare; the state protects us from the bad guys over the mountain; the state guarantees full employment; the state activates the multiplier effect; the state insures social justice, and on and on. The *apologias* differ over the centuries; the effect is always the same. ...



... Intellectuals are the sort of people who believe that, in the free market, they are getting paid far less than their wisdom requires. Now the state is willing to pay them salaries, both for apologizing for state power, and in the modern state, for staffing the myriad jobs in the welfare, regulatory state apparatus.

In past centuries, the churches have constituted the exclusive opinion molding classes in the society. Hence the importance to the state and its rulers of an established church, and the importance to libertarians of the concept of separating church and state, which really means not allowing the state to confer upon one group a monopoly of the opinion-molding function. ...

... the ruling classes, have gathered unto themselves the intellectual and media elites, who are able to bamboozle the masses into consenting to their rule, to indoctrinate them ...

*Irrepressible Rothbard, p. 9*

The ruling class in the State has always needed intellectuals to apologize for their rule and to sucker the masses into subservience, i.e., into paying the taxes and going along with State rule. In the old days, in most societies, a form of priestcraft or State Church constituted the opinion-molders who apologized for that rule. Now, in a more secular age, we have technocrats, “social scientists,” and media intellectuals, who apologize for the State system and staff in the ranks of its bureaucracy.

*Irrepressible Rothbard, p. 39*

The rhetoric of idealism provides the sophisticated cover for the plunder underneath; and it also spurs the intellectuals themselves to greater heights of despotism.

*Left and Right, p. 94*

... intellectuals are needed to service the State ...

*Left and Right, p. 143*

... every intellectual, as he grows up, acquires a sense of the superiority of himself and his confreres to the ordinary folk around him. Sometimes this sense of superiority may be justified; often it is not.

But for many intellectuals this leads to a life-long attempt to demonstrate, to flaunt their superiority to the average man. Instead of peacefully and cheerfully going about his own affairs and his own productive work without worrying about his social ranking in relation to others, the intellectual begins to express his cosmic contempt by mocking the insights and values of those around him.

*Libertarian Forum v. 1, p. 208*

The ruling class — be they warlords, nobles, feudal landlords, or monopoly merchants, or a coalition of several of these groups — must employ intellectuals to convince the majority of the public that their rule is beneficent, inevitable, necessary, and even divine. The dominant role of the intellectual through history is that of the Court Intellectual, who in return for a share, a junior partnership, in the power and pelf offered by the rest of the ruling class, spins the apologies for State rule with which to convince a deluded public. This is the age-old alliance of Church and State, of Throne and Altar, with the Church in modern times being largely replaced by “scientific” technocrats.

*Libertarian Forum v. 1, p. 521*

It is true that, in the long run, we will never be free until the intellectuals — the natural molders of public opinions — have been converted to the side of freedom. In the short run, however, the only route to liberty is by an appeal to the masses over the heads of the State and its intellectual bodyguard.

*Strictly Confidential, p. 35*

## INTEREST RATE

Marginal productivity explains the height of a factor’s rental price, but another principle is needed to explain why and on what basis these rents are discounted to get the present capitalized value of the factor ... That principle is “time preference”: the social rate at which people prefer present goods to future goods in the vast interconnected time market (present/future goods market) that pervades the entire economy.

*Capital, Interest, and Rent, p. 4*

... the interest rate on the market ... is used to convert (or “discount”) all future values into present values whether the future good happens to be a bond (a claim to future money) or more specifically the expected future rentals from land or capital.

*Capital, Interest, and Rent*, p. 4

... time valuation is prerequisite to the determination of the market rate of interest. The market rate of interest on loans is ... a reflection of a general rate of time preference in the economy, a capitalization process that discounts, in the present prices of durable goods and factors of production, the future uses of these goods.

*Capital, Interest, and Rent*, pp. 14–15

... as the economy advances and more present goods are produced, the preference for present goods is lowered, and the interest rate therefore may be expected to fall.

*Capital, Interest, and Rent*, p. 16

... interest on the loan market is determined by the demand for capital (to which it is directly proportional) and the supply of capital (inversely proportional).

*Classical Economics*, p. 25

The rate of interest is the price of “time” ...

*Economic Controversies*, p. 593

... the best interest rate is the free market, or the “natural” interest rate, set by the workings of free man under natural law, i.e., the rate determined by the supply of and demand for money loans at any given time.

*Economic Thought Before Adam Smith*, p. 320

... the interest rate — the price of loans — will be determined by the supply and demand for credit.

Since interest is a market price, government control will have consequences as injurious as the control of any price.

*Economic Thought Before Adam Smith*, p. 325

The lender sells the use of his money now, and the borrower buys that use, and the “price” of those loans, i.e., the loan rate of interest, will be determined, as in the case of any commodity, by the variations in supply and demand on the market. Increased demand for loans (“many borrowers”) will raise interest rates; increased supply of loans (“many lenders”) will lower them.

*Economic Thought Before Adam Smith*, p. 398

... the essence of any loan is that a “present good” (money which can be used at present) is being exchanged for a “future good” (an IOU which can be used at some point in the future). Since people always prefer having money right now to the present prospect of getting the same amount of money at some point in the future, present goods always command a premium over future goods in the market. That premium, or “agio,” is the interest rate, and its height will vary according to the degree to which people prefer the present to the future, i.e., the degree of their time preferences.

*For a New Liberty*, p. 233

... interest rates are strongly affected by people’s expectations of future price inflation; the higher the expectation, the higher the interest rate.

*Making Economic Sense*, p. 320

Not only must the interest rate be uniform for each good; it must be uniform for every stage of every good. ...

The interest rate must be equal for each stage of the production process. For suppose that the interest rate were higher in the higher stages than in the lower stages. Then capitalists would abandon producing in the lower stage, and shift to the higher stage, where the interest return is greater.

*Man, Economy, and State with Power and Market*, p. 370

... the interest rate is equal to the rate of price spread in the various stages.

*Man, Economy, and State with Power and Market*, p. 371

In the real world of uncertainty, the tendency of entrepreneurial actions is always in the direction of establishing a uniform rate of interest throughout all time markets in the economy.

*Man, Economy, and State with Power and Market*, p. 372

... the rate of interest plays a crucial role in the system of production in the complex, monetary economy.

*Man, Economy, and State with Power and Market*, p. 375

The level of the pure rate of interest is determined by the market for the exchange of present goods against future goods ...

*Man, Economy, and State with Power and Market*, p. 375

This discount on future goods as compared with present goods (or, conversely, the premium commanded by present goods over future goods) is the rate of interest.

*Man, Economy, and State with Power and Market*, p. 376

This pure rate of interest, then, is determined solely by the time preferences of the individuals in the society, and by no other factor.

... time preference is the only determining factor.

*Man, Economy, and State with Power and Market*, p. 389

Perhaps more fallacies have been committed in discussions concerning the interest rate than in the treatment of any other aspect of economics.

*Man, Economy, and State with Power and Market*, p. 389

... the interest rate can never disappear.

*Man, Economy, and State with Power and Market*, p. 404

... the interest rate of the time market permeates all particular aspects of the present-future market ...

*Man, Economy, and State with Power and Market*, p. 405

... the time-preference schedules of all individuals in the society determine the interest rate ...

*Man, Economy, and State with Power and Market*, p. 410

The rate of interest finally set on the market is determined by the aggregate net supply and net demand schedules throughout the entire time market ...

*Man, Economy, and State with Power and Market*, p. 417

The size of the price spread, i.e., the size of the interest rate, is determined ... by the time-preference schedules of all the individuals in the economy.

*Man, Economy, and State with Power and Market*, p. 424

The interest rate, then, is determined by the various time-preference schedules, and the final rate is set by the saving schedules, on the one hand, and by the demand-for-present-goods schedules, on the other.

*Man, Economy, and State with Power and Market*, p. 437

The interest rate, then, always tends to be uniform throughout its time structure.

*Man, Economy, and State with Power and Market*, p. 448

... the rate of interest (the pure rate of interest in the ERE) could never be zero. It is determined by individual time preferences, which are all positive.

*Man, Economy, and State with Power and Market*, p. 450

The whole basis for pure interest, requiring interest payments, is time preference ...

*Man, Economy, and State with Power and Market*, p. 451

The existence of time preference acts as a brake on the use of the more productive but longer processes. Any state of equilibrium will be based on the time-preference, or pure interest rate, and this rate

will determine the amount of savings and capital invested. It determines capital by imposing a limit on the length of the production processes and therefore on the maximum amount produced. A lowering of time preference, therefore, and a consequent lowering of the pure rate of interest signify that people are now more willing to wait for any given amount of future output, i.e., to invest more proportionately and in longer processes than heretofore. A rise in time preference and in the pure interest rate means that people are less willing to wait and will spend proportionately more on consumers' goods and less on the longer production processes, so that investments in the longest processes will have to be abandoned.

*Man, Economy, and State with Power and Market*, p. 539

A businessman's new investment in a longer and more physically productive process will therefore be made from a sheaf of processes previously known but unusable because of the time preference limitation. A lowering of time preferences and of the pure interest rate will signify an expansion of saved capital at the disposal of investors and therefore an expansion of the longer processes, the time limitation on investment having been weakened.

*Man, Economy, and State with Power and Market*, p. 543

... a feature of the progressing economy must necessarily be a fall in the pure rate of interest. ... in order for more capital to be invested, there must be a fall in the pure rate of interest, reflecting general declines in time preferences. If the pure rate remains the same, this is an indication that there will be no new investment or disinvestment, that time preferences are generally stable, and that the economy is stationary. A fall in the pure rate of interest is a corollary of a drop in time preferences and a rise in gross investment. A rise in the pure rate of interest is a corollary of a rise in time preferences and net disinvestment. Hence, for the economy to keep advancing, time preferences and the pure rate of interest must continue to fall.

*Man, Economy, and State with Power and Market*, p. 549

... the pure interest rate tends to be uniform.

*Man, Economy, and State with Power and Market*, p. 575

... the pure interest rate will tend to be uniform throughout the world ...

*Man, Economy, and State with Power and Market*, p. 617

The pure interest rate will be determined by the time-preference schedules of all individuals in the economy. Its chief expression will be not in the loan market, but in the discounts between prices in the various stages of production. Interest on the loan market will be a reflection of this “natural” interest rate.

*Man, Economy, and State with Power and Market*, p. 625

Interest rates will fall as time-preference rates drop and the proportion of gross investment to consumption increases.

*Man, Economy, and State with Power and Market*, p. 627

... there is no reason why a change in the demand for money should affect the interest rate one iota. There is no necessity at all for an increase in the demand for money to raise the interest rate, or a decline to lower it — no more than the opposite. In fact, there is no causal connection between the two; one is determined by the valuations for money, and the other by valuations for time preference.

*Man, Economy, and State with Power and Market*, p. 774

... all the interest-rate components aside from the pure rate — entrepreneurial, purchasing power, and terms of trade — are “dynamic” and the result of uncertainty.

*Man, Economy, and State with Power and Market*, p. 798

... an increase in saving resulting from a fall in time preferences leads to a fall in the interest rate and another stable equilibrium situation with a longer and narrower production structure.

*Man, Economy, and State with Power and Market*, p. 995

The interest rate regulates the temporal order of choice of projects in accordance with their urgency. A lower rate of interest on the market is a signal that more projects can be undertaken profitably.



Increased saving on the free market leads to a stable equilibrium of production at a lower rate of interest.

*Man, Economy, and State with Power and Market*, p. 996

... the interest rate ... tells businessmen how much savings are available and what length of projects will be profitable. In the free market the interest rate is an indispensable guide, in the time dimension, to the urgency of consumer wants.

*Man, Economy, and State with Power and Market*, p. 997

## INTERNATIONAL MONETARY COOPERATION

Governments, of course, are always anxious to remove all checks on their powers of inducing monetary expansion. One way of removing the external threat is to foster international cooperation, so that all governments and central banks expand their money supply at a uniform rate. The “ideal” condition for unlimited inflation is, of course, a world fiat paper money, issued by a world central bank or other governmental authority. ...

Many economists and most other people assume that the State could accomplish this goal. Actually, it could not, for there is an ultimate limit on inflation, a very wide one, to be sure, but a terrible limit that will in the end conquer any inflation. Paradoxically, this is the phenomenon of runaway inflation, or hyperinflation.

*Man, Economy, and State with Power and Market*, pp. 1018–19

International central bank “cooperation” (or cartelization) then and now means the establishment of formal and informal mechanisms to prevent pressures for redemption and contraction on an inflating nation’s currency.

*Progressive Era*, p. 489

... just as the expansion of one bank loses gold to the clients of other, nonexpanding banks, so does monetary expansion in one country cause a loss of gold to the citizens of other countries. Countries that expand faster are in danger of gold losses and calls

upon their banking system for gold redemption. This was the classic cyclical pattern of the nineteenth century; a country's Central Bank would generate bank credit expansion; prices would rise; and as the new money spread from domestic to foreign clientele, foreigners would more and more try to redeem the currency in gold. Finally, the Central Bank would have to call a halt and enforce a credit contraction in order to save the monetary standard.

There is one way that foreign redemption can be avoided: inter-Central Bank cooperation. If all Central Banks agree to inflate at about the same rate, then no country would lose gold to any other, and all the world together could inflate almost without limit.

*What Has Government Done to Our Money?*, p. 76

Clearly, the inflationists' dream is some sort of world paper money, manipulated by a world government and Central Bank, inflating everywhere at a common rate.

*What Has Government Done to Our Money?*, p. 85

## INTERNATIONAL TRADE

... each country should produce not just what it has an absolute advantage in making, but what it is most best at, or even least worst at, i.e., what it has a comparative advantage in producing.

*Classical Economics*, p. 95

... no country or region of the earth is going to be left out of the international division of labor under free trade. ... even if a country is in such poor shape that it has no absolute advantage in producing anything, it still pays for its trading partners, the people of other countries, to allow it to produce what it is least worst at.

In this way, the citizens of every country benefit from international trade. No country is too poor or inefficient to be left out of international trade, and everyone benefits from countries specializing in what they are most best or least bad at — in other words, in whatever they have a comparative advantage.

*Classical Economics*, p. 95

... the present international monetary system is an irrational and abortive monstrosity ...

*Economic Controversies*, p. 908

International trade, as well as individual exchange, brings mutual benefits.

*Economic Thought Before Adam Smith*, p. 60

The price-specie-flow mechanism is the quantity theory extrapolated into the case of many countries. The rise in the supply of money in country A will cause its prices to rise; but then the goods of country A are no longer as competitive compared to other countries. Exports will therefore decline, and imports from other countries with cheaper goods will rise. The balance of trade in country A will therefore become unfavorable, and specie will flow out of A in order to pay for the deficit. But this outflow of specie will eventually cause a sharp contraction of the supply of money in country A, a proportional fall in prices, and an end to, indeed a reversal of, the unfavorable balance. As prices in A fall back to previous levels, specie will flow back in until the balance of trade is in balance, and until the price levels in terms of specie are equal in each country. Thus, on the free market, there is a rapidly self-correcting force at work that equilibrates balances of payments and price levels, and prevents an inflation from going very far in any given country.

*Economic Thought Before Adam Smith*, p. 426

As credit is expanded and pyramided on top of paper money and gold, the money supply (in the form of bank deposits or, in that historical period, bank notes) expands. The expansion of the money supply raises prices and sets the inflationary boom into motion. As the boom continues, fueled by the pyramiding of bank notes and deposits on top of gold, domestic prices also increase. But this means that domestic prices will be higher, and still higher, than the prices of imported goods, so that imports will increase and exports to foreign lands will decline. A deficit in the balance of payments will emerge and widen, and it will have to be paid for by gold flowing out of the inflating country and into

the hard-money countries. But as gold flows out, the expanding money and banking pyramid will become increasingly top-heavy, and the banks will find themselves in increasing danger of going bankrupt. Finally, the government and banks will have to stop their expansion, and, to save themselves, the banks will have to contract their bank loans and checkbook money.

The sudden shift from bank credit expansion to contraction reverses the economic picture and bust quickly follows boom. The banks must pull in their horns, and businesses and economic activity suffer as the pressure mounts for debt repayment and contraction. The fall in the supply of money, in turn, leads to a general fall in prices (“deflation”). The recession or depression phase has arrived. However, as the money supply and prices fall, goods again become more competitive with foreign products and the balance of payments reverses itself, with a surplus replacing the deficit. Gold flows into the country, and, as bank notes and deposits contract on top of an expanding gold base, the condition of the banks becomes much sounder, and recovery gets under way.

*For a New Liberty*, pp. 230–31

... this international specie-flow mechanism also described a correct, if primitive, model of the business cycle.

*History of Money and Banking in the United States*, p. 355

... on a truly free market there would be no need for any separate “theory of international trade.” Nations become significant economically only with government intervention, either by way of monetary intervention or barriers to trade.

*Man, Economy, and State with Power and Market*, p. 907n27

Economists have devoted a great deal of attention to the “theory of international trade” — attention far beyond its analytic importance. For, on the free market, there would be no separate theory of “international trade” at all — and the free market is the locus of the fundamental analytic problems.

*Man, Economy, and State with Power and Market*, p. 1101

The Ricardian specie flow price mechanism, therefore, is simply a special case of a general phenomenon: When one or more banks expand their credit and demand liabilities, they will lose gold (or, in the case of banks within a country, government paper) to other banks, thereby cutting short the inflationary process and leading to deflation and credit contraction. The Ricardian analysis is simply the polar case where all banks within a country can expand together (if there is only one monopoly bank in the country), and so the redemption constraint on inflation only comes, relatively weakly, from the banks of other countries.

*Mystery of Banking*, pp. 122–23

... a country or region will often best develop, depending on conditions of resources or the market, by concentrating on one or two items and then exchanging them for other items produced elsewhere.

*Strictly Confidential*, p. 192

## INTERVENTIONISM

Whenever government intervenes in the market, it aggravates rather than settles the problems it has set out to solve. This is a general economic law of government intervention.

*America's Great Depression*, p. 229

... everything the government does is counterproductive; the conclusion, of course, is that the government should do nothing at all, that is, should retire quickly from the monetary and economic scene and allow freedom and free markets to work.

*America's Great Depression*, p. xxi

... government intervention is not the proper road to achieving proper affluence.

*Classical Economics*, p. 21

Stimulating consumer demand has long been the particularly favored program of interventionists. Generally, this is done by

the government and its central bank inflating the money supply and/or by the government incurring heavy deficits, its spending passing for a surrogate consumption. Indeed, government deficits would seem to be ideal for the overproduction/underconsumptionists. For if the problem is too much production and/or too little consumer spending, then the solution is to stimulate a lot of unproductive consumption, and who is better at that than government, which by its very nature is unproductive and even counterproductive?

*Classical Economics*, p. 27

... all types of government policies will have consequences that most people, at least, will tend to abhor.

*Economic Controversies*, p. 95

... intervention has a cumulative effect ... eventually the economy must move either toward the free market or toward full socialism ...

*Economic Controversies*, p. 98

... an act of intervention generates unintended consequences and difficulties, which then present the government with an alternative: either more intervention to “solve” these problems, or repeal of the whole interventionist structure ... the market economy is a finely constructed, interrelated web; and coercive intervention at various points of the structure will create unforeseen troubles elsewhere. The logic of intervention, then, is cumulative; and so a mixed economy is unstable — always tending either toward full-scale socialism or back to a free-market economy.

*Economic Controversies*, p. 235

... government interventionism and full-scale socialist planning simply do not work, that is, do not achieve the stated goals of the rulers themselves. Hence the necessity for statists to deny the existence of economic law.

*Economic Controversies*, p. 920

Every government intervention creates new problems in the course of vain attempts to solve the old. The government is then confronted with the choice: pile on new interventions to solve the inexplicable new problems, or repeal the original intervention. Government's instinct, of course, is to maximize its wealth and power by adding new interventions.

*Economic Thought Before Adam Smith*, p. 70

... all statist intervention distorts and cripples the market and leads, if not reversed, to socialism ...

*For a New Liberty*, p. 395

... statism, interventionism, and socialism cannot work in the industrial era ... statist measures and policies lead inevitably, in accordance with the ineluctable laws of cause and effect, to bad and disastrous consequences that are increasingly seen as disastrous by the general public. The problem for all these dark decades of statism is that these laws take time, decades, to work themselves out fully; to put it one way, it takes time for the consequences of statist looting and repression to wreck the economy and the living standards that relatively free-market capitalism had brought to us in the nineteenth century.

*Libertarian Forum v. 1*, p. 386

One of Ludwig von Mises's keenest insights was on the cumulative tendency of government intervention. The government, in its wisdom, perceives a problem (and Lord knows, there are always problems!). The government then intervenes to "solve" that problem. But lo and behold! Instead of solving the initial problem, the intervention creates two or three further problems, which the government feels it must intervene to heal, and so on toward socialism.

*Making Economic Sense*, p. 74

Government actions, even and perhaps especially Quick Fixes, are apt to get us into a worse mess than we are in already.

*Making Economic Sense*, p. 436

... government interventionism doesn't work ... it is despotic, counter-productive, and destructive of the interests of the mass of the people ...

*Making Economic Sense*, p. 475

Intervention is the intrusion of aggressive physical force into society; it means the substitution of coercion for voluntary actions. It must be remembered that, praxeologically, it makes no difference what individual or group wields this force; the economic nature and consequences of the action remain the same.

Empirically, the vast bulk of interventions are performed by States, since the State is the only organization in society legally equipped to use violence ...

*Man, Economy, and State with Power and Market*, p. 877

The man being coerced, therefore, always loses in utility as a result of the intervention. ...

... Who gains in utility *ex ante*? Clearly, the intervener; otherwise, he would not have made the intervention.

*Man, Economy, and State with Power and Market*, p. 879

In contrast to the free market, therefore, all cases of intervention supply one set of men with gains at the expense of another set.

*Man, Economy, and State with Power and Market*, p. 880

... individuals maximize their utility *ex ante* on the free market ... they cannot do so when there is intervention, for then the intervener gains in utility only at the expense of a demonstrated loss in utility by his subject.

*Man, Economy, and State with Power and Market*, p. 885

... in every instance, the consequences of intervention will make the intervention look worse in the eyes of many of its original supporters. ... *Ex post*, many of the interveners themselves will feel that they have lost rather than gained in utility.

... With intervention, one group gains directly at the expense of another, and therefore social utility is not maximized or even



increased; there is no mechanism for speedy translation of anticipation into fruition, but indeed the opposite ... the indirect consequences of intervention will cause many interveners themselves to lose utility *ex post*.

*Man, Economy, and State with Power and Market*, p. 891

Entrepreneurs operate on the basis of certain criteria: prices, interest rate, etc., established by the free market. Interventionary tampering with these signals destroys the continual market tendency to adjustment and brings about losses and misallocation of resources in satisfying consumer wants.

*Man, Economy, and State with Power and Market*, p. 895

... the analysis of intervention applies to whatever agency wields the violence, whether private or governmental.

*Man, Economy, and State with Power and Market*, p. 898

The free market, unhampered, would not be in danger of suffering inflation, deflation, depression, or unemployment. But the intervention of government creates the tightrope for the economy and is constantly, if sometimes unwittingly, pushing the economy into these pitfalls.

*Man, Economy, and State with Power and Market*, p. 1024

The coerced individual loses in utility as a result of the intervention, for his action has been changed by its impact. Any intervention, whether it be autistic, binary, or triangular, causes the subjects to lose in utility. In autistic and binary intervention, each individual loses in utility; in triangular intervention, at least one, and sometimes both, of the pair of would-be exchangers lose in utility.

*Man, Economy, and State with Power and Market*, p. 1061

... the picture of the free market is necessarily one of harmony and mutual benefit; the picture of State intervention is one of caste conflict, coercion, and exploitation.

*Man, Economy, and State with Power and Market*, p. 1065

... individuals maximize their utility *ex ante* on the free market ... the direct result of an invasion is that the invader's utility gains at the expense of a loss in utility by his victim.

*Man, Economy, and State with Power and Market*, p. 1069

... in every instance of government intervention, the indirect consequences will be such as to make the intervention appear worse in the eyes of many of its original supporters.

*Man, Economy, and State with Power and Market*, p. 1073

... every intermixture of government ownership or interference in the market distorts the allocation of resources and introduces islands of calculational chaos into the economy.

*Man, Economy, and State with Power and Market*, p. 1364

... every coercive intervention in human affairs brings about further problems that call for the choice; repeal the initial intervention or add another one. It is this feature that makes any "mixed economy" inherently unstable, tending always toward one or the other polar opposite — pure freedom or total statism.

*Man, Economy, and State with Power and Market*, p. 1366

... the free-market economy forms a kind of natural order, so that any interventionary disruption creates not only disorder but the necessity for repeal or for cumulative disorder in attempting to combat it.

*Man, Economy, and State with Power and Market*, p. 1368

... one intervention leads inexorably to another intervention ...

*Rothbard vs. the Philosophers*, p. 80

... economic science shows that governments cannot accomplish their objectives ...

*Rothbard vs. the Philosophers*, p. 110

... government intervention can only disrupt an economy and defeat its own ends ...

*Science, Technology, and Government*, p. 17

Any government subsidization of an enterprise, whether through insurance grants or any other method, weakens the private enterprise system and its basic principle that every firm must stand on its own voluntarily-raised resources, and distorts the efficient allocation of resources to serve consumer wants.

*Science, Technology, and Government*, p. 94

As always, government intervention to cure one problem raises a host of new, unexpected problems.

*What Has Government Done to Our Money?*, p. 82

## INVESTMENT

Savings and investment are indissolubly linked. It is impossible to encourage one and discourage the other. Aside from bank credit, investments can come from no other source than savings ...

*America's Great Depression*, p. 38

... saving and investment are always equivalent. The two terms may be used almost interchangeably.

*America's Great Depression*, p. 39

Investment always takes place by a lengthening of the processes of production, since the shorter productive processes are the first to be developed. The longer processes remaining untapped are more productive, but they are not exploited because of the limitations of time-preference.

*America's Great Depression*, p. 71

... investing capital is advancing money payments to factors of production, an advance that is repaid later by the consumer.

*Classical Economics*, p. 23

... the transfer of labor and land to the formation of capital goods is called investment.

*Man, Economy, and State with Power and Market*, p. 48

... at any given point in time, all men will have invested in all the shorter periods of production to satisfy the most urgently felt wants that their knowledge of recipes allows; any further formation of capital will go into longer processes of production. Other things being equal (i.e., the relative urgency of wants to be satisfied, and the actor's knowledge of recipes), any further investment will be in a longer process of production than is now under way.

*Man, Economy, and State with Power and Market*, p. 51

At any point in time, an actor has a range of investment decisions open to him of varying potential utilities for the products that will be provided. He also has a certain rate of time preference by which he will discount these expected future utilities to their present value. How much he will save and invest in any period will be determined by comparing these present values with the value of the consumers' goods forgone in making the investment decision. As he makes one investment decision after another, he will choose to allocate his resources first to investments of highest present value, then to those of next highest, etc. As he continues investing (at any given time), the present value of the future utilities will decline. On the other hand, since he is giving up a larger and larger supply of consumers' goods in the present, the utility of the consumers' goods that he forgoes (leisure and others) will increase — on the basis of the law of marginal utility. He will cease saving and investing at the point at which the value of goods forgone exceeds the present value of the future utilities to be derived. This will determine an actor's rate of saving and investing at any time.

*Man, Economy, and State with Power and Market*, pp. 63–64

In order to obtain the money for investment, then, an individual must save money by restricting his possible consumption expenditures. This saved money first goes into his cash balance and then is invested in the purchase of factors in the anticipation of a later sale of the produced good. It is obvious that investment can come

only from funds that are saved by individuals from their possible consumption spending. The producers restrict their consumption expenditures, save their money, and “go into business” by investing their funds in factors that will yield them products in the future.

*Man, Economy, and State with Power and Market*, p. 209

Investment expenditures may be defined as the sum of the money expenditures made in investment in factors of production.

*Man, Economy, and State with Power and Market*, p. 210

Investment expenditures are always made in anticipation of future sale.

*Man, Economy, and State with Power and Market*, p. 210

Since the investment is always in anticipation of later sale, the investors are also engaged in entrepreneurship, in enterprise.

*Man, Economy, and State with Power and Market*, p. 210

... an investor will attempt to acquire the greatest possible net income from his investment ...

*Man, Economy, and State with Power and Market*, p. 211

... decisions to invest are due to the demand for an expected money return in the future.

*Man, Economy, and State with Power and Market*, p. 257

... investment continues until the marginal cost of such investment, in terms of forgone consumption or cash balance, is greater than the present value of the expected return.

*Man, Economy, and State with Power and Market*, p. 267

Investment is the amount of money spent on future-good factors and necessarily equals savings.

*Man, Economy, and State with Power and Market*, p. 398

The important consideration, therefore, is time preferences and the resultant proportion between expenditure on consumers' and producers' goods (investment). The lower the proportion of the former, the heavier will be the investment in capital structure, and, after a while, the more abundant the supply of consumers' goods and the more productive the economy.

*Man, Economy, and State with Power and Market*, p. 404

... the ultimate goal of the investment of capital is future consumption.

*Man, Economy, and State with Power and Market*, p. 478

Savings and investment are needed in order to permit any consumption at all ...

*Man, Economy, and State with Power and Market*, p. 479

The market is no respecter of past laurels, however large. Moreover, the size of a man's investment is no guarantee whatever of a large profit or against grievous losses. Capital does not "beget" profit. Only wise entrepreneurial decisions do that.

*Man, Economy, and State with Power and Market*, p. 516

... the increase in investment goes into increasing the number of stages, pushing back the stages of production and employing longer production processes. It is this increasing "roundaboutness" that causes every increase in capital — even if unaccompanied by an advance in technological knowledge — to lead to higher physical productivity per original factor. The increase in gross investment, in particular, raises the prices of capital goods at the highest stages, encouraging new stages and inducing entrepreneurs to shift factors into this new and flowering field.

*Man, Economy, and State with Power and Market*, p. 527

The increased gross investment first increases the aggregate capital value of firms that earn net profits. As production and investment increase in the higher stages, and the effects of the new saving

continue, the profits disappear and become imputed to increases in real wage rates and in real ground rents.

*Man, Economy, and State with Power and Market*, p. 530

The case of decreasing gross capital investment is defined as a retrogressing economy.

*Man, Economy, and State with Power and Market*, p. 532

... investment lengthens the structure of production.

*Man, Economy, and State with Power and Market*, p. 537

The longer the waiting period between first input and final output, the greater the disutility, *ceteris paribus*, since more time must elapse before the satisfaction is attained.

The first processes to be used will be those most productive (in value and physically) and the shortest ... all short and ultraproductive processes will be the first ones to be invested in and established. Given any present structure of production, a new investment will not be in a shorter process because the shorter, more productive process would have been chosen first.

... there is only one way by which man can rise from the ultraprimitive level: through investment in capital. But this cannot be accomplished through short processes, since the short processes for producing the most valuable goods will be the ones first adopted. Any increase in capital goods can serve only to lengthen the structure, i.e., to enable the adoption of longer and longer productive processes. Men will invest in longer processes more productive than the ones previously adopted. They will be more productive in two ways: (1) by producing more of a previously produced good, and/or (2) by producing a new good that could not have been produced at all by the shorter processes.

*Man, Economy, and State with Power and Market*, pp. 537–38

... all new investment will be in longer processes ...

*Man, Economy, and State with Power and Market*, p. 538n26

Any new investment will therefore be in a longer and more productive method of production.

*Man, Economy, and State with Power and Market*, p. 539

New capital investment always lengthens the overall structure of production.

*Man, Economy, and State with Power and Market*, p. 540

... an increase in saving and investment causes an increase in the real incomes of owners of labor and land factors.

*Man, Economy, and State with Power and Market*, p. 547

Capital investment is limited by saving.

*Man, Economy, and State with Power and Market*, p. 719

... no truly productive savings and investments can be made by government, its employees, or the recipients of its subsidies.

*Man, Economy, and State with Power and Market*, p. 917

... a characteristic of an investment expenditure is that the good in question is not being used to fulfill the needs of the investor, but of someone else — the consumer.

*Man, Economy, and State with Power and Market*, p. 941

... the standard of living of everyone rises continually and smoothly as investment increases.

*Man, Economy, and State with Power and Market*, p. 966

Investment tends to be centered in lengthier processes of production.

*Man, Economy, and State with Power and Market*, p. 995

On the free market, investment will always take place first in those projects that satisfy the most urgent wants of the consumers. Then the next most urgent wants are satisfied, etc. The interest rate regulates the temporal order of choice of projects in accordance with



their urgency. A lower rate of interest on the market is a signal that more projects can be undertaken profitably.

*Man, Economy, and State with Power and Market*, p. 996

... while it is true that entrepreneurial spirit, correct laws, etc., are vital to economic development, they exercise their influence through capital investment and not instead of, or apart from, such investment. They are ultimate factors lying behind the degree of saving and productive capital investment that is made in a country.

*Strictly Confidential*, p. 304

## JUDICIARY

... while the seeming independence of the federal judiciary has played a vital part in making its actions virtual Holy Writ for the bulk of the people, it is also and ever true that the judiciary is part and parcel of the government apparatus and appointed by the executive and legislative branches ... this means that the State has set itself up as a judge in its own cause, thus violating a basic juridical principle for aiming at just decisions.

*Egalitarianism as a Revolt Against Nature*, p. 73

... it would not be a very difficult task for Libertarian lawyers and jurists to arrive at a rational and objective code of libertarian legal principles and procedures based on the axiom of defense of person and property, and consequently of no coercion to be used against anyone who is not a proven and convicted invader of such person and property. This code would then be followed and applied to specific cases by privately-competitive and free-market courts and judges, all of whom would be pledged to abide by the code, and who would be employed on the market proportionately as the quality of their service satisfies the consumers of their product.

*Egalitarianism as a Revolt Against Nature*, p. 208

In every crime, in every invasion of rights, from the most negligible breach of contract up to murder, there are always two parties (or sets of parties) involved: the victim (the plaintiff) and the

alleged criminal (the defendant). The purpose of every judicial proceeding is to find, as best we can, who the criminal is or is not in any given case. Generally, these judicial rules make for the most widely acceptable means of finding out who the criminals may be. But the libertarian has one overriding *caveat* on these procedures: no force may be used against noncriminals. For any physical force used against a noncriminal is an invasion of that innocent person's rights, and is therefore itself criminal and impermissible.

*Ethics of Liberty*, p. 82

If no force may be used against a noncriminal, then the current system of compulsory jury duty must also be abolished. Just as conscription is a form of slavery, so too is compulsory jury duty. Precisely because being a juror is so important a service, the service must not be filled by resentful serfs.

*Ethics of Liberty*, p. 83

... a libertarian legal order will have to eliminate the entire concept of the *subpoena* power. Witnesses, of course, may be requested to appear. But this voluntarism must also apply to the defendants, since they have not yet been convicted of crime. In a libertarian society, the plaintiff would notify the defendant that the latter is being charged with a crime, and that a trial of the defendant will be underway. The defendant would be simply invited to appear. There would be no compulsion on him to appear. If he chose not to defend himself, then the trial would proceed in absentia, which of course would mean that the defendant's chances would be by that much diminished. Compulsion could only be used against the defendant after his final conviction. In the same way, a defendant could not be kept in jail before his conviction, unless, as in the case of police coercion, the jailer is prepared to face a kidnapping conviction if the defendant turns out to be innocent.

*Ethics of Liberty*, pp. 83–84

In the libertarian society, there are, as we have said, only two parties to a dispute or action at law: the victim, or plaintiff, and the alleged criminal, or defendant. It is the plaintiff that presses charges in the courts against the wrongdoer. In a libertarian world, there would be no crimes against an ill-defined "society," and therefore no such

person as a “district attorney” who decides on a charge and then presses those charges against an alleged criminal.

*Ethics of Liberty*, p. 85

... the State’s own monopoly judiciary has inexorably broadened the construction of State power ...

*For a New Liberty*, p. 80

... the government has hereby set itself up as a judge in its own case, and has thus violated a basic judicial principal of arriving at any kind of just decision.

*For a New Liberty*, p. 82

Compulsory labor permeates our legal and judicial structure. Thus, much venerated judicial procedure rests upon coerced testimony. ... compulsory testimony must be abolished ... compelling testimony from anyone for any reason is forced labor — and, furthermore, is akin to kidnapping, since the person is forced to appear at the hearing or trial and is then forced to perform the labor of giving testimony. ... the problem is to eliminate all coerced testimony, including the universal subpoenaing of witnesses to a crime, and then forcing them to testify. In the case of witnesses, there is no question whatever of their being guilty of a crime, so the use of compulsion against them — a use that no one has questioned until now — has even less justification than compelling testimony from accused criminals.

In fact, the entire power to *subpoena* should be abolished, because the *subpoena* power compels attendance at a trial. Even the accused criminal or tortfeasor should not be forced to attend his own trial, since he has not yet been convicted. If he is indeed — according to the excellent and libertarian principle of Anglo-Saxon law — innocent until proved guilty, then the courts have no right to compel the defendant to attend his trial. ... The most the court should be able to do, then, is to notify the defendant that he is going to be tried, and invite him or his lawyer to attend; otherwise, if they choose not to, the trial will proceed *in absentia*. Then, of course, the defendant will not enjoy the best presentation of his case.

*For a New Liberty*, pp. 106–07

... it is impossible to justify any imprisonment before conviction, let alone before trial. ...

The granting of bail is a halfhearted attempt to ease the problem of incarceration before trial, but it is clear that the practice of bail discriminates against the poor.

*For a New Liberty*, p. 109

There is little difference in kind, though obviously a great difference in degree, between compulsory jury duty and conscription; both are enslavement, both compel the individual to perform tasks on the State's behalf and at the State's bidding. ...

... precisely because the service is so vital, it is particularly important that it be performed by people who do it gladly, and voluntarily. Have we forgotten that free labor is happier and more efficient than slave labor? The abolition of jury-slavery should be a vital plank in any libertarian platform. The judges are not conscripted; neither are the opposing lawyers; and neither should the jurors.

*For a New Liberty*, p. 110

... the monopoly courts of government are subject to the same grievous problems, inefficiencies, and contempt for the consumer as any other government operation. We all know that judges, for example, are not selected according to their wisdom, probity, or efficiency in serving the consumer, but are political hacks chosen by the political process. Furthermore, the courts are monopolies; if, for example, the courts in some town or city should become corrupt, venal, oppressive, or inefficient, the citizen at present has no recourse.

*For a New Liberty*, p. 276

The legal code, simply, would insist on the libertarian principle of no aggression against person or property, define property rights in accordance with libertarian principle, set up rules of evidence (such as currently apply) in deciding who are the wrongdoers in any dispute, and set up a code of maximum punishment for any particular crime. Within the framework of such a code, the particular courts would compete on the most efficient procedures, and

the market would then decide whether judges, juries, etc., are the most efficient methods of providing judicial services.

*For a New Liberty*, p. 282

... just as religion has been separated from the State, and the economy can be separated from the State, so can every other State function, including police, courts, and the law itself!

*For a New Liberty*, pp. 282–83

... in the totally free society, any suspicion of a judge or court will cause their customers to melt away and their “decisions” to be ignored. This is a far more efficient system of keeping judges honest than the mechanism of government.

*For a New Liberty*, p. 292

... the idea of the presumption of innocence to the accused is simply a basic principle of fairness ...

*Irrepressible Rothbard*, p. 354

... criminal convictions can only take place if the charge is proven beyond a reasonable doubt, and hence the credibility of the victim must be vital to reaching a verdict.

*Irrepressible Rothbard*, p. 369

... absolute power must never be entrusted to a small oligarchy of men, especially Supreme Court judges, who are an unchecked oligarchy appointed for life. Before Federalist John Marshall began to amass all power in the Supreme Court, no one ever believed, even with the existence of such a court, that it has the last word on constitutionality.

*Irrepressible Rothbard*, p. 376

... the power to declare guilty and sentence someone for contempt of court totally violates the basic legal rule of separation between prosecutor and judge. The judge makes the charge of contempt against the defendant. The judge then “hears” his own case as he sees fit, and then the judge, without benefit of jury trial, declares

the defendant guilty and pronounces sentence. There is no excuse for this kind of judicial proceedings.

*Libertarian Forum v. 1, p. 73*

The judge is a tinpot tyrant, and very little that he says and does has, in actual fact, been subject to the review even of other judges, let alone the public at large. Contempt convictions enable the judge, the allegedly aggrieved party, to “try” the case himself, without benefit of jury or defense counsel or the usual safeguards of the legal system, and then to declare guilt himself and to carry out the sentence.

*Libertarian Forum v. 1, p. 93*

... libertarians should welcome all the campaigns to question or impeach the Supreme Court ...

*Libertarian Forum v. 1, p. 119*

In the libertarian society of the future ... all prosecution would be exercised by the victim or his agents, and not by any sort of “district attorney” presuming to speak for “society” as a whole.

*Libertarian Forum v. 1, p. 268*

Compulsory jury duty differs only in degree, not in kind, from the slavery of conscription.

*Libertarian Forum v. 1, p. 518*

... any society, be it statist or anarchist, has to have some way of resolving disputes that will gain a majority consensus in society. There would be no need for courts or arbitrators if everyone were omniscient, and knew instantaneously which persons were guilty of any given crime or violation of contract. Since none of us are omniscient, there has to be some method of deciding who is the criminal or lawbreaker which will gain legitimacy, in short whose decision will be accepted by the great majority of the public.

*Libertarian Forum v. 1, p. 536*

... there is no need for a legally-established or institutionalized single, monopoly appeals court system, as States now provide. There is no reason why there cannot arise a multitude of efficient and honest appeals judges who will be selected by the disputant courts, just as there are numerous private arbitrators on the market today.

*Libertarian Forum v. 1*, p. 538

... in the anarchist society there will be no “district attorney” to press charges on behalf of “society.” Only the victims will press charges as the plaintiffs. If, then, these victims should happen to be absolute pacifists who are opposed even to defensive force, then they will simply not press charges in the courts or otherwise retaliate against those who have aggressed against them. In a free society that would be their right. If the victim should suffer from murder, then his heir would have the right to press the charges.

*Libertarian Forum v. 1*, p. 538

... judicial review is not simply a welcome check on government power. More important is the function of judicial review in validating, in legitimatizing, government power, and in inducing the public to accept it.

*Strictly Confidential*, p. 52

## JUSTICE

... man can use reason to take the path of justice and virtue ...

*Economic Thought Before Adam Smith*, p. 263

... a flourishing libertarian movement, a lifelong dedication to liberty, can only be grounded on a passion for justice. Here must be the mainspring of our drive, the armor that will sustain us in all the storms ahead, not the search for a quick buck, the playing of intellectual games or the cool calculation of general economic gains.

*Egalitarianism as a Revolt Against Nature*, p. 241

... injustices are deeds that are inflicted by one set of men on another; they are precisely the actions of men, and, hence, they and their elimination are subject to man's instantaneous will.

*Egalitarianism as a Revolt Against Nature*, p. 241

In the field of justice, man's will is all; men can move mountains, if only men so decide. A passion for instantaneous justice — in short, a radical passion — is therefore not utopian, as would be a desire for the instant elimination of poverty or the instant transformation of everyone into a concert pianist. For instant justice *could* be achieved if enough people so willed.

A true passion for justice, then, must be radical — in short, it must at least wish to attain its goals radically and instantaneously.

*Egalitarianism as a Revolt Against Nature*, p. 242

Aggressive violence is criminal and unjust; defensive violence is perfectly just and proper; the former invades the rights of person and property, the latter defends against such invasion.

*Ethics of Liberty*, p. 225

... the libertarian must be possessed of a passion for justice, an emotion derived from and channeled by his rational insight into what natural justice requires.

*Ethics of Liberty*, p. 258

Goodness, Truth, Beauty, and Justice will eventually triumph.

*Irrepressible Rothbard*, p. 402

What we libertarians object to, then, is not government *per se* but crime, what we object to is unjust or criminal property titles; what we are for is not "private" property *per se* but just, innocent, non-criminal private property. It is justice vs. injustice, innocence vs. criminality that must be our major libertarian focus.

*Libertarian Forum v. 1*, p. 28

Not only do I see nothing wrong with "hating" crime and injustice, I hold that genuine love of Justice requires such hatred.

*Libertarian Forum v. 1*, p. 268



... uniformity of treatment *per se* cannot be established as a canon of justice.

*Man, Economy, and State with Power and Market*, p. 1220

...violence is either invasive and therefore unjust, or defensive and therefore just.

*Man, Economy, and State with Power and Market*, p. 1328

Economic well-being, therefore, as well as the basic principles of morality and justice, lead to the same necessary political goal: the reestablishment of the security of private property from all forms of coercion, without which there can be no individual freedom and no lasting economic prosperity and progress.

*Strictly Confidential*, p. 240

## KANT, IMMANUEL

My own epistemological position rests on Aristotle and St. Thomas rather than Kant ...

*Economic Controversies*, p. 108

## KEYNES, JOHN MAYNARD

John Maynard Keynes, the man — his character, his writings, and his actions throughout life — was composed of three guiding and interacting elements. The first was his overweening egotism, which assured him that he could handle all intellectual problems quickly and accurately and led him to scorn any general principles that might curb his unbridled ego. The second was his strong sense that he was born into, and destined to be a leader of, Great Britain's ruling elite.

Both of these traits led Keynes to deal with people as well as nations from a self-perceived position of power and dominance. The third element was his deep hatred and contempt for the values and virtues of the bourgeoisie, for conventional morality, for savings and thrift, and for the basic institutions of family life.

*Keynes, the Man*, p. 9

... homosexuality was morally superior to heterosexuality.

*Keynes, the Man*, p. 15n3

... Maynard Keynes was a distinguished Bloomsbury member.

*Keynes, the Man*, p. 18

... Keynes and his friends were attracted not so much to [G.E.] Moore's doctrine itself as to the particular interpretation and twist that they themselves gave to that doctrine. Despite their enthusiasm, Keynes and his friends accepted only what they held to be Moore's personal ethics (i.e., what they called Moore's "religion"), while they totally rejected his social ethics (i.e., what they called his "morals").

... They repudiated, however, all social morals or general rules of conduct ...

*Keynes, the Man*, pp. 19–20

... Keynes's first important scholarly book, *A Treatise on Probability* (1921) ... grew out of his attempt to copper rivet his rejection of Moore's proposed general rules of morality.

*Keynes, the Man*, p. 21

... Keynes, the statist and rationalist central planner.

*Keynes, the Man*, p. 23

... Keynes was also sure that devotion to the truth was merely a matter of taste, with little or no place in politics. ...

Indeed Keynes displayed a positive taste for lying in politics. He habitually made up statistics to suit his political proposals ...

*Keynes, the Man*, p. 24

... was eager to desert his earlier beliefs and change his mind on a dime, depending on the situation.

... Never did any soul-searching or even hesitation seem to hobble his lightning-fast changes.

... Keynes, however, did not trouble himself about charges of inconsistency, considering himself always right. It was particularly easy for Keynes to adopt this conviction since he cared not a tap for principle. He was therefore always ready to change horses in pursuit of expanding his ego through political power.

*Keynes, the Man*, pp. 25–26

The young Keynes displayed no interest whatsoever in economics; his dominant interest was philosophy. In fact, he completed an undergraduate degree at Cambridge without taking a single economics course.

*Keynes, the Man*, p. 31

... blithely assumed that British rule was not to be questioned ...

*Keynes, the Man*, p. 33

Keynes generally liked to tackle economic theory in order to solve practical problems.

*Keynes, the Man*, p. 36

... ignorance cannot account for Keynes's claim that he was the first economist to try to explain unemployment or to transcend the assumption that money is a mere veil exerting no important influence on the business cycle or the economy. Here we must ascribe to Keynes a deliberate campaign of mendacity and deception — what would now be called euphemistically “disinformation.”

*Keynes, the Man*, p. 43

... believed that capital is not really scarce at all.

*Keynes, the Man*, p. 48

... the most convincing evidence of Keynes's strong fascist bent was the special foreword he prepared for the German edition of *The General Theory*.

*Keynes, the Man*, p. 51

Keynes firmly rejected communism ...

*Keynes, the Man*, p. 52

... Keynes had long been anti-Semitic.

*Keynes, the Man*, p. 53

... the major reason for Keynes's rejection of communism was simply that he could scarcely identify with the grubby proletariat. ...

... John Maynard Keynes was a lifelong member of the British aristocracy, and he was not about to forget it.

*Keynes, the Man*, p. 54

Keynes was abysmally read in the economic literature ...

*Keynes, the Man*, p. 55

... Keynes was ... fueled by an arrogance bordering on egomania.

*Keynes, the Man*, p. 55

Clearly, Keynes was bright enough, but his most significant qualities were his arrogance, his unlimited self-confidence, and his avid will to power, to domination, to cutting a great swath through the arts, the social sciences, and the world of politics.

Furthermore, Keynes was scarcely a "revolutionary" in any real sense. He possessed the tactical wit to dress up ancient statist and inflationist fallacies with modern, pseudoscientific jargon, making them appear to be the latest findings of economic science. Keynes was thereby able to ride the tidal wave of statism and socialism, of managed and planning economies. Keynes eliminated economic theory's ancient role as spoilsport for inflationist and statist schemes, leading a new generation of economists on to academic power and to political pelf and privilege.

A more fitting term for Keynes would be "charismatic" — not in the sense of commanding the allegiance of millions but in being able to con and seduce important people — from patrons to politicians to students and even to opposing economists.

*Keynes, the Man*, pp. 55–56

... was a fascist and an anti-Semite.

*Keynes, the Man*, p. 56

... Keynes was much more than a Keynesian. Above all, he was the extraordinarily pernicious and malignant figure ... a charming but power-driven statist Machiavelli, who embodied some of the most malevolent trends and institutions of the 20th century.

*Keynes, the Man*, pp. 58–59

... Lord Keynes, the economist-saint of modern state capitalism ...

*Left and Right*, p. 230

## KEYNESIAN ECONOMICS

... Keynesianism is intellectually bankrupt ...

*America's Great Depression*, p. xvii

... the rate of interest depends solely on time preference, and not at all on "liquidity preference."

*America's Great Depression*, p. 40

Hoarding, therefore, lowers prices all round, but need exert no depressing effect whatever upon business.

*America's Great Depression*, p. 51

... Keynes ignored the various stages of production; ignored changes in capital value and neglected the identity between entrepreneurs and capitalists; took replacement of the capital structure for granted; neglected price differentials in the stages of production as the source of interest; and did not realize that, ultimately, the question faced by businessmen is not whether to invest in consumer goods or capital goods, but whether to invest in capital goods that will yield consumer goods at a nearer or later date.

*America's Great Depression*, p. 37n1

The inflationary recession that first appeared dramatically in the 1973–74 contraction put an end to a thirty-five-year period of arrogant and unquestioned hegemony by the Keynesian wing of the neoclassical synthesis. For Keynesian theory and policy rested on

the crucial assumption that inflationary recession simply cannot happen.

*Economic Controversies*, p. 133

For Keynes, the key to prosperity or depression was private investment: flourishing private investment means prosperity; weak and fitful investment leads to depression.

*Economic Controversies*, p. 274

In reality, the macro and micro spheres are integrated and intertwined, as the Austrians have shown. It is impossible to concede the macro sphere to the State while attempting to retain freedom on the micro level. Any sort of tax, and the income tax not least of all, injects systematic robbery and confiscation into the micro sphere of the individual, and has unfortunate and distortive effects on the entire economic system.

*Economic Controversies*, p. 898

... the attitude of Keynesians toward booms and bust is simplicity, even naïvete, itself.

*Economic Depressions: Their Cause and Cure*, p. 9

A robber who justified his theft by saying that he really helped his victims, by his spending giving a boost to retail trade, would find few converts; but when this theory is clothed in Keynesian equations and impressive references to the “multiplier effect,” it unfortunately carries more conviction.

*Egalitarianism as a Revolt Against Nature*, p. 69

Money-crankism assumes (1) that more and ever more money is needed on the market; (2) that the lower the interest rate the better; and (3) that the interest rate is determined by the quantity of money, the former being inversely proportional to the latter. Given this set of totally fallacious assumptions, the prescription follows: keep increasing the quantity of money and lowering the rate of interest (or profits).

... it must be concluded that money-crankers are simply pushing to its logical conclusion a fallacy adopted widely by preclassical and by current Keynesian writers.

*Egalitarianism as a Revolt Against Nature*, pp. 211–12

... the rate of interest ... is not a function of the quantity of money. It is a function of “time preference,” of the rate at which people prefer satisfactions in the present to the same satisfactions in the future. ...

... time preference is deeply rooted in human nature and the nature of man; it is not in the least a monetary phenomenon but would be just as true in a world of barter.

*Egalitarianism as a Revolt Against Nature*, pp. 215

After forty years of Keynesian policies which were supposed to “fine tune” the economy so as to eliminate the boom-bust cycle of inflation and depression, the United States managed to experience both at the same time ...

*Ethics of Liberty*, p. 270

... a thief who presumed to justify his theft by saying that he was really helping his victims by his spending, thus giving retail trade a needed boost, would be hooted down without delay. But when this same theory is clothed in Keynesian mathematical equations and impressive references to the “multiplier effect,” it carries far more conviction with a bamboozled public.

*For a New Liberty*, p. 73

This curious phenomenon of a vaunting inflation occurring at the same time as a steep recession was simply not supposed to happen in the Keynesian view of the world. Economists had always known that either the economy is in a boom period, in which case prices are rising, or else the economy is in a recession or depression marked by high unemployment, in which case prices are falling. In the boom, the Keynesian government was supposed to “sop up excess purchasing power” by increasing taxes, according to the Keynesian prescription — that is, it was supposed to take spending out of the economy; in the recession, on the other hand, the

government was supposed to increase its spending and its deficits, in order to pump spending into the economy. But if the economy should be in an inflation and a recession with heavy unemployment at the same time, what in the world was government supposed to do? How could it step on the economic accelerator and brake at the same time?

*For a New Liberty*, p. 214

... Lord Keynes's economics have proved to be the economics par excellence of the corporate liberal State. For Keynesian economists place equal approval upon all forms of government spending, whether on pyramids, missiles, or steel plants; by definition all of these expenditures swell the gross national product, regardless of how wasteful they may be.

*For a New Liberty*, p. 350

... now Keynes is dead and we are alive, living in his long run.

*For a New Liberty*, p. 396

... *The General Theory* was not truly revolutionary at all but merely old and oft-refuted mercantilist and inflationist fallacies dressed up in shiny new garb, replete with newly constructed and largely incomprehensible jargon.

*Keynes, the Man*, p. 37

In *The General Theory*, Keynes set forth a unique politic-economic sociology, dividing the population of each country into several rigidly separated economic classes, each with its own behavioral laws and characteristics, each carrying its own implicit moral evaluation.

*Keynes, the Man*, p. 47

... Keynes came to this interpretation of the business cycle as a good Marshallian.

*Keynes, the Man*, p. 49

... Keynes [would] let the state control investment completely ...



... [and] desired ... private ownership, subject to comprehensive government control and planning. This was, of course, fascism.

*Keynes, the Man*, pp. 50–51

Keynes eliminated economic theory's ancient role as spoilsport for inflationist and statist schemes ...

*Keynes, the Man*, p. 55

That Keynes was a Keynesian — of that much derided Keynesian system provided by Hicks, Hansen, Samuelson, and Modigliani — is the only explanation that makes any sense of Keynesian economics.

Yet Keynes was much more than a Keynesian. Above all, he was the extraordinarily pernicious and malignant figure ... a charming but power-driven statist Machiavelli, who embodied some of the most malevolent trends and institutions of the 20th century.

*Keynes, the Man*, pp. 58–59

... Lord Keynes, the economist-saint of modern state capitalism ...

*Left and Right*, p. 230

The phenomenon of inflationary recession cannot be understood by Establishment economists, whether of the Keynesian or the Milton Friedman variety. Neither of these prominent groups has any tools to understand what is going on. Both Keynesians and Friedmanites see business cycles in a very simpleminded way; business fluctuations are basically considered inexplicable, causeless, due to arcane changes within the economy ...

For both Keynesians and Friedmanites have essentially one set of recommended policies for business fluctuations. In an inflationary boom, taxes are supposed to rise, monetary policy to be more stringent; in various ways, and with different emphases among the two groups, money is taken out of, or not fed into, the economy. Conversely, during a recession, money is fed into the economy, deficits are incurred, and the economy stimulated. But, during recessions, activity and employment are supposed to be falling off, and prices falling; what happens if prices are still rising? Our economic managers are then caught on the horns of an escapable dilemma;

if they pump money into the economy, they may turn around the recession, but then prices will gallop away at an alarming rate; and if they tighten the monetary screws in order to stop the inflation, then recession and unemployment will deepen alarmingly.

*Libertarian Forum v. 1*, pp. 121–22

Economists used to have an instructive term for the man who comes up habitually with a single technocratic gimmick to solve deep and complex economic problems. Such a man used to be called a “crank.”

*Libertarian Forum v. 1*, p. 470

One of the main reasons for the popularity of Karl Marx and John Maynard Keynes among intellectuals was precisely the staggering obscurity of their prose; only when a writer is obscure can a cult of followers gather around to serve as the semi-official interpreters and exegetes of the Master.

*Libertarian Forum v. 1*, p. 530

... the Keynesian policies of the federal government have stopped neither inflation nor depression, as the arrogant economic Establishment had promised ... the only thing they succeeded in doing was to prevent deflation and hence to prevent consumers from enjoying the one thing that made past depressions palatable: a fall in the cost of living. Government tinkering with the economy has not cured business cycles; it has only brought us the new phenomenon of inflationary depression, of the worst of both worlds at the same time.

*Libertarian Forum v. 1*, p. 549

... Keynesian mixed economy, fascism ... was only the old discredited mercantilism in a new form ...

*Libertarian Forum v. 1*, p. 573

Contrary to the Keynesians, growth and employment are no longer correlated, and inflation is no longer a tradeoff for unemployment ...

*Libertarian Forum v. 2*, p. 749

... our own Keynesian welfare-warfare state [is] neo-mercantilism or state monopoly capitalism.

*Libertarian Forum* v. 2, p. 764

If anything, we have a reverse Phillips curve.

*Making Economic Sense*, p. 14

The hallmark of crackpot economics is an analysis that somehow leaves out prices, and talks only about such aggregates as income, spending, and employment.

*Making Economic Sense*, p. 44

The Keynesians have the entire causal process bollixed up.

*Making Economic Sense*, p. 45

... Keynesianism has become the pure economics of power ...

*Making Economic Sense*, p. 47

... right-wing Keynesians advocate high deficits, high taxes, and manipulation of the budget and of monetary policy to try to achieve full employment without inflation. The result has been permanent inflation plus periodically steep recessions. Left-wing Keynesians, the hallmark of Democrat administrations, hold a similar macro view, except that they favor bigger inflations and higher taxes than their more conservative counterparts. The major difference comes in “micro-economic policy” ...

*Making Economic Sense*, p. 117

... everyone still acts as if the Keynesian hokum of the “inflation-unemployment tradeoff” (the so-called “Phillips curve”) is a valid and self-evident insight. When will people realize that this “tradeoff” is about as correct as the forecast that the Soviet Union and the United States would have the same gross national product and standard of living ...

*Making Economic Sense*, p. 172

... the Keynesian Phillips Curve, perhaps the greatest single and most absurd error in modern economics.

The Phillips Curve assumes that the choice is always either more recession and unemployment, or more inflation. In reality, the Phillips Curve, if one wishes to speak in those terms, is in reverse: the choice is either more inflation and bigger recession, or none of either.

*Making Economic Sense*, p. 181

We will never break out of our economic stagnation or our boom-bust cycles and achieve permanent prosperity until we have repudiated Keynes as thoroughly and as intensely as the peoples of Eastern Europe and the Soviet Union have repudiated Marx and Lenin. The real way to achieve freedom and prosperity is to hurl all three of these icons of the twentieth century into the dustbin of history.

*Making Economic Sense*, p. 258

... contrary to Keynesian myth, government spending is not “investment” at all (a cruel joke), but is wasteful “consumption” spending. The “consumers,” in this case, are the politicians and government officials who leech off the productive private sector.

*Making Economic Sense*, p. 268

... what the Keynesians want is no less than an internationally coordinated and controlled worldwide, paper-money inflation, a fine-tuned inflation that would proceed unchecked upon its merry way until, whoops!, it landed the entire world smack into the middle of the untold horrors of global runaway hyperinflation.

*Making Economic Sense*, p. 317

Internationally coordinated fiat money inflation is the Keynesian goal.

*Making Economic Sense*, p. 377

England was then the prestigious center of world economic thought, and Keynes had behind him the eminence of Cambridge

University, as well as his own stature in the intellectual community. Add to this Keynes's personal charm, and the fact that his allegedly revolutionary theory put the imprimatur of "economic science" behind statism and massive increases of government spending, and Keynesianism proved irresistible.

*Making Economic Sense*, p. 448

... there is little or no relationship between prosperity and consumers' spending; indeed almost the reverse is true.

*Man, Economy, and State with Power and Market*, p. 403

The Keynesian system, as is quite clear from the mathematical portrayals of it given by its followers, suffers grievously from the mathematical-economic sin of "mutual determination."

*Man, Economy, and State with Power and Market*, p. 785

... the concept of a consumption function has no place in economics at all.

*Man, Economy, and State with Power and Market*, p. 865

Resource-using expenditures by government are often considered "investment," and this classification forms an essential part of the Keynesian doctrine. ... on the contrary, all of this expenditure must be considered consumption. Investment occurs where producers' goods are bought by entrepreneurs, not at all for their own use or satisfaction, but merely to reshape and resell them to others — ultimately to the consumers. But government redirects the resources of society to its ends, chosen by it and backed by the use of force. Hence, these purchases must be considered consumption expenditures, whatever their intention or physical result. They are a particularly wasteful form of "consumption," however, since they are generally not regarded as consumption expenditures by government officials.

*Man, Economy, and State with Power and Market*, p. 1259

Keynesian economics — proudly proclaiming itself as “modern,” though with its roots deep in medieval and mercantilist thought — offers itself to the world as the panacea for our economic troubles.

*Strictly Confidential*, p. 223

All Keynesians conceive of the State as a great potential reservoir of benefits, ready to be tapped.

*Strictly Confidential*, p. 225

The Keynesian theory (or model) highly oversimplifies the real world by dealing with a few large aggregates, lumping together the activity of all individuals in a nation.

*Strictly Confidential*, p. 227

Consumption is not just a function of income; it depends, in a complex fashion, on the level of past income, expected future income, the phase of the business cycle, the length of the time period under discussion, on prices of commodities, on capital gains or losses, and on the cash balances of consumers.

*Strictly Confidential*, p. 233

... aggregative economics is a drastic misrepresentation of reality. The aggregates are merely an arithmetic cloak over the real world, where multitudes of firms and individuals react and interact in a highly complex manner. The alleged “basic determinants” of the Keynesian system are themselves determined by complex interactions within and between these aggregates.

*Strictly Confidential*, p. 234

All of Keynesian thinking is a tissue of distortions, fallacies, and drastically unrealistic assumptions.

*Strictly Confidential*, p. 239

Keynes contributed only mischief, fallacy, and obfuscation ...

*Strictly Confidential*, p. 278

... “hoarding” never brings any loss to society.

*What Has Government Done to Our Money?*, p. 29

## KNIGHT, FRANK

The dominant neoclassical strain at present is to be found in the system of Professor Frank Knight, of which the most characteristic feature is an attack on the whole concept of time preference.

*Economic Controversies*, p. 277

Frank Knight, the doyen of the Chicago School, was also an ardent believer in the Clarkian view that time preference has no influence on interest paid by producers, and that production is synchronized so that time plays no role in the production structure. Hence, Knight believed, along with modern orthodoxy, that capital is a homogeneous, self-perpetuating blob that has *no* lattice-like, time-oriented structure.

*Economic Controversies*, p. 839

The true nature of the distinction between interest and profit was not discovered until the work of Frank H. Knight ...

*Egalitarianism as a Revolt Against Nature*, p. 212n4

Monetarism and Chicago School economics is really only a gloss on theories that had been hammered out before the Keynesian Era by Irving Fisher and by Frank Knight and his colleagues at the University of Chicago.

*Making Economic Sense*, p. 40

... assume[s] that, once produced, capital, in some mystical way, reproduces itself without further need for acts of saving.

*Man, Economy, and State with Power and Market*, p. 55n33

The Knight doctrine denies any role to time in production, asserting that production “now” (in a modern, complex economy) is timeless and that time preference has no influence on the interest rate. This doctrine has been aptly called a “mythology of capital.” Among

other errors, it leads to the belief that there is no economic problem connected with the replacement and maintenance of capital.

*Man, Economy, and State with Power and Market*, p. 402

The dominant neoclassical strain at present is to be found in the system of Professor Frank Knight, of which the most characteristic feature is an attack on the whole concept of time preference. Denying time preference, and basing interest return solely on an alleged “productivity” of capital, the Knightians attack the doctrine of the discounted MVP and instead advocate a pure MVP theory.

*Man, Economy, and State with Power and Market*, p. 504

Professor Frank H. Knight has been the leader of the school of thought that assumes capital to be automatically permanent. Knight has contributed a great deal to economics in his analysis of profit theory and entrepreneurship, but his theories of capital and interest have misled a generation of American economists.

*Man, Economy, and State with Power and Market*, p. 535

## KNOWLEDGE

... the knowledge that human beings have goals and act purposively to attain them rests, not simply on observing that human beings exist, but also on the introspective knowledge of what it means to be human possessed by each man, who then assents to this knowledge.

*Economic Controversies*, p. 34

... man obtains knowledge, which one hopes increases over time, of natural laws, and of the laws of cause and effect, which enable him to discover more and better ways of mastering nature and of bringing about his goals ever more effectively.

*Economic Controversies*, p. 173

... only a society with a standard of living considerably higher than subsistence can afford to devote much of its resources to improving



knowledge and to developing a myriad of goods and services above the level of brute subsistence.

*Economic Controversies*, p. 602

... if knowledge buried in paradigms lost can disappear and be forgotten over time, then studying older economists and schools of thought need not be done merely for antiquarian purposes or to examine how intellectual life proceeded in the past. Earlier economists can be studied for their important contributions to forgotten and therefore new knowledge today. Valuable truths can be learned about the content of economics, not only from the latest journals, but from the texts of long-deceased economic thinkers.

*Economic Thought Before Adam Smith*, p. x

Unfortunately, in the science of economics, retrogression in knowledge has taken place almost as often as progression.

*Man, Economy, and State with Power and Market*, p. 357

... for a grasp of the consequences of acts of governmental intervention in the market or of union activity, knowledge of praxeology is requisite.

*Man, Economy, and State with Power and Market*, p. 712

To acquire knowledge of any field takes time, effort, and often money ...

*Man, Economy, and State with Power and Market*, p. 741

The only knowledge we can have of the determinants of price is the knowledge deduced logically from the axioms of praxeology.

*Man, Economy, and State with Power and Market*, p. 835

Several thousand years of life among men, and of perfection upon it, have built up a pretty rigorous, and extensive body of objective knowledge of the nature of man, and what is best for him.

*Rothbard vs. the Philosophers*, p. 116

## LAISSEZ-FAIRE

... *laissez-faire* will lead to harmony, prosperity, and abundance, while government intervention leads to conflict and impoverishment ...

*Economic Controversies*, p. 97

*Laissez-faire* and the free market become more and more evidently necessary as an industrial system develops; radical deviations cause breakdowns and economic crises.

*Egalitarianism as a Revolt Against Nature*, p. 47

... the *laissez-faire* forces were known as “liberals” and “radicals” ...

*For a New Liberty*, p. 11

Those economists and others who espouse the philosophy of *laissez-faire* believe that the freedom of the market should be upheld and that property rights must not be invaded.

*Man, Economy, and State with Power and Market*, p. 1048

... libertarianism, *laissez-faire*, is more practical in the short as well as in the long run.

*Strictly Confidential*, p. 276

## LABOR

... all labor, not just labor embodied in material objects, is “productive.”

*Classical Economics*, p. 20

... in a free-market society, every individual will enter those fields and areas of work which he or she finds most attractive.

*Egalitarianism as a Revolt Against Nature*, p. 163

... labor always involves the forgoing of leisure, a desirable good.

*Man, Economy, and State with Power and Market*, p. 43

The more a man labors, the less leisure he can enjoy. Increased labor therefore reduces the available supply of leisure and the utility that it affords.

*Man, Economy, and State with Power and Market*, p. 44

... a man will expend his labor as long as the marginal utility of the return exceeds the marginal disutility of the labor effort. A man will stop work when the marginal disutility of labor is greater than the marginal utility of the increased goods provided by the effort.

*Man, Economy, and State with Power and Market*, p. 46

... labor will tend to be supplied until the point at which the marginal utility reaped from labor no longer outweighs the marginal utility of leisure on the individual's value scale. In the money economy, labor will cease when the marginal utility of the additional money income per unit of time no longer exceeds the marginal utility of the leisure forgone by working for the additional time.

Thus, man allocates his time between leisure and productive labor, between labor for money and labor on unexchangeable items, etc., in accordance with the principle of maximizing his psychic income. In deciding between labor and leisure, he weighs the marginal advantages of work with the marginal advantages of leisure.

*Man, Economy, and State with Power and Market*, pp. 218–19

Laborers are all those who expend their labor in the productive process.

*Man, Economy, and State with Power and Market*, p. 222

... the owner of every labor factor has some minimum selling price, a price below which he will not work.

*Man, Economy, and State with Power and Market*, p. 364

... on this earth, labor has been a far scarcer factor than land.

*Man, Economy, and State with Power and Market*, p. 366

Higher prices for labor services will induce more units of labor to enter the market, while lower prices will increase the relative advantages of leisure.

*Man, Economy, and State with Power and Market*, p. 406

... labor is almost always a nonspecific factor ...

*Man, Economy, and State with Power and Market*, p. 442

Labor, on the other hand, is almost always nonspecific; very rare indeed is the person who could conceivably perform only one type of task.

*Man, Economy, and State with Power and Market*, p. 523

... labor factors have always been relatively scarcer than land factors.

*Man, Economy, and State with Power and Market*, p. 559

The marginal value product of a factor decreases as its total supply increases, and increases as the supply declines. The three major categories of factors in the economy are land, labor, and capital goods.

*Man, Economy, and State with Power and Market*, p. 560

... “labor” is a category that includes a myriad variety of services. Generally, labor is the expenditure of pure human energy on a production process. Catallactically, labor is hired by entrepreneur-capitalists. It is grossly unscientific to separate laborers into arbitrary categories and to refer to one group as “labor” and “workers,” while the other group receives various other names. ...

... there is no difference in kind between “workers” and “management.”

*Man, Economy, and State with Power and Market*, pp. 564–65

... labor cannot be capitalized.

*Man, Economy, and State with Power and Market*, p. 567

... labor is preeminently the nonspecific factor, which is applicable to all processes of production, whereas land tends to be far more specific.

*Man, Economy, and State with Power and Market*, p. 567

Laborers are also entrepreneurs in the sense of predicting demand in the markets for labor and choosing to enter certain markets accordingly.

*Man, Economy, and State with Power and Market*, p. 604

The intersecting points on the DMVP schedules will yield the prices of the factors, also known as “rents” and “wage rates” (in the case of labor factors).

*Man, Economy, and State with Power and Market*, p. 625

... labor energies work on natural and produced factors to arrive at the most urgently demanded consumers’ goods.

*Man, Economy, and State with Power and Market*, p. 642

It is the unique characteristic of labor in a free society, however, that it cannot be monopolized. Each individual is a self-owner and cannot be owned by another individual or group. Therefore, in the labor field, no one man or group can own the total supply and withhold part of it from the market. Each man owns himself.

*Man, Economy, and State with Power and Market*, p. 705

What is the only alternative to free labor? It is unfree labor, i.e., serfdom. The man who is not allowed to be a free laborer is a serf.

*Rothbard vs. the Philosophers*, p. 136

... only a free market is compatible with the free choice by every man of his own occupation. A governmentally-run economy must entail government planning of labor as well as of other resources — which means, ultimately, that people must be told what jobs (and where) they can work and at what they cannot.

*Science, Technology, and Government*, p. 18

... there can be no lasting shortage of any occupation on the free market, for if there is a shortage, it will be quickly revealed in higher salaries, and these salaries will do all that is humanly possible to alleviate the shortage rapidly by attracting new people into the field ...

*Science, Technology, and Government*, p. 28

## LAND

... even the poorest land in cultivation never earns a zero rent, just as the least productive piece of machinery or worker never earns a zero price or wage. ... even the marginal land will always earn some positive rent, however small.

*Classical Economics*, p. 84

... landlords do perform a vital economic function: they allocate land to its best and most productive use. Land does not allocate itself; it must be allocated, and only those who earn a return from such service have the incentive, or the ability, to allocate various parcels of land to their most profitable, and hence most productive and economic uses.

*Classical Economics*, p. 91

Landowners generally benefit from inflation. Land prices usually rise more rapidly than most other prices, and lowered interest rates have a particularly strong impact in raising the values of an extremely durable good such as land. Since landlords, especially speculative landlords, are often debtors as well, they have a multiple incentive for favoring inflation.

*Conceived in Liberty v. 2*, p. 126; p. 624

... if an individual cannot own original ground land, neither can he in the full sense own any of the fruits of his labor.

*Economic Controversies*, p. 358

... the inevitable result of a single tax would be nothing less than locational chaos. And since location — land — must enter into

the production of every good, chaos would be injected into every aspect of economic calculation. Waste in location leads to waste and misallocation of all productive resources.

*Economic Controversies*, p. 580

... landowning is a business like any other, the return from which is regulated and minimized, in the long run, by competition. If land temporarily offers a higher rate of return, more people invest in it, thereby driving up its market price, or capital value, until the annual rate of return falls to the level of all other lines of business.

... the only landowners who reap special gains from progress are the ones more farsighted than their fellows — the ones who earn more than the usual rate of return by accurately predicting future developments.

*Economic Controversies*, p. 583

... man cannot produce anything without the cooperation of original land, if only as standing room. A man cannot produce anything by his labor alone. He must mix his labor with original land, as standing room and as raw materials to be transformed into more valuable products. ...

... if an individual cannot own original land, neither can he in the same sense own the fruits of his labor.

*Economic Controversies*, p. 584

... the moral course is to grant ownership of land to the person who had the enterprise to bring it into use, the one who made the land productive.

*Economic Controversies*, p. 585

... a piece of land sells now at the discounted sum of its future rents.

*Economic Controversies*, p. 593

... the landlord performs the vital function of allocating the land to its most productive use.

*Economic Thought Before Adam Smith*, p. 456

... the justification for the ownership of ground land is the same for that of any other property. For no man actually ever “creates” matter: what he does is to take nature-given matter and transform it by means of his ideas and labor energy. But this is precisely what the pioneer — the homesteader — does when he clears and uses previously unused virgin land and brings it into his private ownership. The homesteader — just as the sculptor, or miner — has transformed the nature-given soil by his labor and his personality. The homesteader is just as much a “producer” as the others, and therefore just as legitimately the owner of his property.

*Ethics of Liberty*, p. 49

... if any land has never been transformed, no one can legitimately claim its ownership.

*Ethics of Liberty*, p. 63

... in order for property in land to be valid, it must be continually in use. The only requirement is that the land be once put into use, and thus become the property of the one who has mixed his labor with, who imprinted the stamp of his personal energy upon, the land. After that use, there is no more reason to disallow the land’s remaining idle than there is to disown someone for storing his watch in a desk drawer.

*Ethics of Liberty*, p. 64

... a truly free market, a truly libertarian society devoted to justice and property rights, can only be established there by ending unjust feudal claims to property.

*Ethics of Liberty*, p. 70

... the natural-rights justification for the ownership of ground land is the same as the justification for the original ownership of all other property.

*For a New Liberty*, p. 41

There is no existing entity called “society”; there are only interacting individuals. To say that “society” should own land or any other



property in common, then, must mean that a group of oligarchs — in practice, government bureaucrats — should own the property ...

*For a New Liberty*, p. 41

... if an individual cannot own original land, neither can he in the full sense own any of the fruits of his labor.

*For a New Liberty*, p. 42

If a man has the right to self-ownership, to the control of his life, then in the real world he must also have the right to sustain his life by grappling with and transforming resources; he must be able to own the ground and the resources on which he stands and which he must use. In short, to sustain his “human right” — or his property rights in his own person — he must also have the property right in the material world, in the objects which he produces.

*For a New Liberty*, p. 52

What we favor, here as always, is justice and property rights, and we favor the return of stolen property to its rightful owners. In many areas of the world, arable land was stolen by conquest and government expropriation from the peasants and handed to a favored group of “feudal” landlords, and we consider it not only just but essential to restore this property to the rightful peasant owners.

*Libertarian Forum* v. 2, p. 730

... land that has been cleared, tilled, plowed, etc., by human labor has become a capital good. This land is a produced good, and not an originally given good. Decisions concerning whether and how much to improve the soil, or whether to maintain it or extract the maximum present consumers’ goods at the expense of future losses (“erosion”), are on exactly the same footing as all capital formation decisions. They depend on a comparison of the expected utility of future production as against the utility of present consumers’ goods forgone.

*Man, Economy, and State with Power and Market*, p. 68

... a large part of the value of what is generally considered “land” — i.e., that part that has to be maintained with the use of labor — is really a capital good.

*Man, Economy, and State with Power and Market*, p. 486

... the capital value of land is equal to the sum of its discounted future rents. ... if we have a constant rent expected to be earned in perpetuity, the capital value of the asset will equal the annual rent divided by the rate of interest.

*Man, Economy, and State with Power and Market*, p. 493

A major characteristic of land as compared to capital goods is that its series of future rents is generally infinite, since, whether as basic soil or site, it is physically indestructible.

*Man, Economy, and State with Power and Market*, p. 493

... a key distinction between land and capital goods is that the owners of the former sell future goods for present money, whereas the owners of the latter advance present money, buy future goods, and later sell their product when it is less distantly future.

*Man, Economy, and State with Power and Market*, p. 494

... natural resource comes as a special division under the “land” category.

*Man, Economy, and State with Power and Market*, p. 496

... a progressing economy will lead to an increase in the real rents of ground land.

*Man, Economy, and State with Power and Market*, p. 528

... land can be capitalized in its price as a “whole factor” and therefore earns simply interest and entrepreneurial changes in asset value ...

*Man, Economy, and State with Power and Market*, pp. 566–67

The fact that labor is scarcer and nonspecific means that there will always be unused land. Only the best and most productive land will be used, i.e., the land with the highest DMVPs.

*Man, Economy, and State with Power and Market*, p. 567

The prices of land factors will be determined by the general schedule of the factors' DMVPs and will be set according to the point of intersection of the total quantity, or stock, of the factor available, with its discounted marginal value productivity schedule. The DMVP, in turn, is, as we have seen at length, determined by the extent to which this factor serves the consumers. The MVP is determined directly by the degree that a factor unit serves the consumers, and the discount is determined by the extent that consumers choose saving-investment as against present consumption.

*Man, Economy, and State with Power and Market*, p. 569

The existence of idle land may always be due to the fact of the relative scarcity of labor as compared with available land.

*Man, Economy, and State with Power and Market*, p. 692

The landlord, a tax being imposed on his rents, will have less of a spur to allocate land sites efficiently.

*Man, Economy, and State with Power and Market*, p. 915

The owner of ground land performs a very important productive service. He finds, brings into use, and then allocates, land sites to the most value-productive bidders.

*Man, Economy, and State with Power and Market*, p. 935

As the economy progresses, real land rents will rise with real wage rates, and the result will be increases in the real capital values of land.

*Man, Economy, and State with Power and Market*, pp. 1037–38

... land speculation performs a useful social function. It puts land into the hands of the most knowledgeable.

*Man, Economy, and State with Power and Market*, p. 1202

## LANGE, OSKAR

... socialists and other economists erroneously assumed that Oskar Lange and others had satisfactorily solved this calculation problem in their writings of the 1930s. Actually, Mises had anticipated the Lange “solutions” and had refuted them in his original article.

*Economic Controversies*, p. 238

All the textbooks say that Mises was quickly refuted by Oskar Lange and others, but he really wasn’t refuted.

*Economic Controversies*, p. 678

... Oskar Lange devoted a great deal of time to the painful acknowledgement that economics must encompass praxeology as well as Marxism.

*Economic Controversies*, p. 802

... Lange agrees with Mises that the economic principle is itself embedded in the wider praxeological principles of general human action. ...

Lange, however, now found himself at the brink of a precarious position: the Mises thesis that praxeology had so far been elaborated only in economic theory, and that therefore economics and praxeology, while conceivably of different scope in the future, are now virtually identical. To take such a position would mean, for Lange, being close to becoming a Misesian and an Austrian School economist.

*Economic Controversies*, p. 804

... Lange accepts the essential deductive Misesian methodology for economic theory: beginning with broadly general praxeological principles as axioms and from these elaborating necessary laws by logical deduction. While Lange attempts to qualify this agreement by stating that empirical testing is needed to see whether various economic actions are “rational” or “customary-traditional,” his basic alignment with Misesian methodology still remains.

*Economic Controversies*, p. 805

Economists were convinced of the Lange solution because they had already come under the sway of the Walrasian general equilibrium model ...

*Economic Controversies*, p. 832

Another grievous flaw in the Lange model is thinking that general equilibrium, a world of certainty where there is no room for the driving force of entrepreneurship, can somehow be used to depict the real world. ... No economic theory worth its salt can be worthwhile if it omits the role of the entrepreneur in an uncertain world.

*Economic Controversies*, p. 833

... Lange, in postwar Poland, argued strongly for the historical necessity of the persistence of the Stalinist model as opposed to his own market socialism.

*Economic Controversies*, p. 851

Shortly before his death in 1965, however, Oskar Lange, in his neglected last word on the socialist calculation debate, implicitly revealed that his socialist-market “solution” had been little more than a hoax ...

*Economic Controversies*, p. 852

... Socialists and other economists erroneously assumed that Oskar Lange and others had satisfactorily solved this calculation problem in their writings of the 1930s. Actually, Mises had anticipated the Lange “solutions” and had refuted them in his original article.

*Egalitarianism as a Revolt Against Nature*, p. 236

While the official textbook line by the 1940s — when socialism had triumphed among intellectuals — decreed that Lange and Lerner had solved the crucial question posed by Mises, Mises and the free market have had the last laugh. It is now generally acknowledged, especially in Communist countries, that Mises and Hayek were right, and that the enormous defects of socialist planning in practice have conformed their views.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 28

## LANGUAGE

... language contains an important ideological, and hence conscious, component.

*Economic Controversies*, p. 203

Now, any person participating in any sort of discussion, including one on values, is, by virtue of so participating, alive and affirming life. For if he were really opposed to life, he would have no business in such a discussion, indeed he would have no business continuing to be alive. Hence, the supposed opponent of life is really affirming it in the very process of his discussion, and hence the preservation and furtherance of one's life takes on the stature of an incontestable axiom.

*Ethics of Liberty*, pp. 32–33

... it is common human experience that individual desires are not absolute and unchanging. They are not hermetically sealed off from persuasion, rational or otherwise; experience and other individuals can and do persuade and convince people to change their values. But how could that be so if all individual desires and values are pure givens and therefore not subject to alteration by the inter-subjective persuasion of others? But if these desires are not givens, and they are changeable by the persuasion of moral argument, it would then appear that inter-subjective moral principles do exist that can be argued and can have an impact on others.

*Ethics of Liberty*, p. 202

... men can become more moral only through rational persuasion, not through violence, which will, in fact, have the opposite effect.

*Man, Economy, and State with Power and Market*, p. 1319

... force and persuasion are antitheses ...

*Rothbard vs. the Philosophers*, p. 64

## LAW

... the law is trying to discover who, if anyone, in a given situation has aggressed against the person or property of another — in short, who has been a tortfeasor against the property of another and is therefore liable for penalty.

*Economic Controversies*, p. 259

Law is a set of commands; the principles of tort or criminal law ... are negative commands or prohibitions, on the order of “thou shalt not” do actions, X, Y, or Z. In short, certain actions are considered wrong to such a degree that it is considered appropriate to use the sanctions of violence (since law is the social embodiment of violence) to combat, defend against, and punish the transgressors.

*Economic Controversies*, p. 367

... law is a subset of ethics identifying certain actions as appropriate for using violence against them. The law says that action X should be illegal, and therefore should be combatted by the violence of the law. The law is a set of “ought” or normative propositions.

*Economic Controversies*, p. 368

... law is a set of prohibitions against the invasion of, or aggression against, private property rights; that is, spheres of freedom of action by each individual. But if that is the case, then the implication of the command, “Thou shall not interfere with A’s property right,” is that A’s property right is just and therefore should not be invaded. Legal prohibitions, therefore, far from being in some sense value-free, actually imply a set of theories about justice, in particular the just allocation of property rights and property titles. “Justice” is nothing if not a normative concept.

*Economic Controversies*, p. 369

The law is a set of normative principles ...

*Economic Controversies*, p. 373

There is no way for the law to reduce risk overall ...

*Economic Controversies*, p. 382

... proper procedure calls for rational proof about the guilt or innocence of persons charged with tort or crime. Evidence must be probative in demonstrating a strict causal chain of acts of invasion of person or property. ...

But what about situations where it is unclear whether or not a person is committing aggression? In those cases, the only procedure consonant with libertarian principles is to do nothing; to lean over backward to ensure that the judicial agency is not coercing an innocent man. If we are unsure, it is far better to let an aggressive act slip through than to impose coercion and therefore to commit aggression ourselves. A fundamental tenet of the Hippocratic oath, “at least, do not harm,” should apply to legal or judicial agencies as well.

The presumption of every case, then, must be that every defendant is innocent until proven guilty, and the burden of proof must be squarely upon the plaintiff.

If we must always insist on *laissez-faire*, then it follows that such a weak standard of proof as “preponderance of evidence” must not be allowed to serve as a demonstration of guilt.

*Economic Controversies*, pp. 384–85

... the best standard for any proof of guilt is the one commonly used in criminal cases: Proof “beyond a reasonable doubt.” Obviously, some doubt will almost always persist in gauging people’s actions, so that such a standard as “beyond a scintilla of doubt” would be hopelessly unrealistic. But the doubt must remain small enough that any “reasonable man” will be convinced of the fact of the defendant’s guilt. Conviction of guilt “beyond a reasonable doubt” appears to be the standard most consonant with libertarian principle.

*Economic Controversies*, p. 386

What the plaintiff must prove, then, beyond a reasonable doubt is a strict causal connection between the defendant and his aggression against the plaintiff. He must prove, in short, that A actually “caused” an invasion of the person or property of B.

*Economic Controversies*, p. 387



To establish guilt and liability, strict causality of aggression leading to harm must meet the rigid test of proof beyond a reasonable doubt. Hunch, conjecture, plausibility, even mere probability are not enough.

*Economic Controversies*, p. 388

... a strict causal connection must exist between an aggressor and a victim, and this connection must be provable beyond a reasonable doubt. It must be causality in the commonsense concept of strict proof of the “A hit B” variety, not mere probability or statistical correlation.

*Economic Controversies*, p. 389

... in a strict causal liability theory, vicarious liability would be tossed out with little ceremony.

*Economic Controversies*, p. 391

... the *ad coelum* rule never made any sense, and is therefore overdue in the dustbin of legal history.

*Economic Controversies*, p. 402

... there is no vicarious liability, but only liability for those who actually commit the deed.

... proof of causality is a basic principle of civilized law ...

*Economic Controversies*, p. 405

... only the victim (or his heirs and assigns) can legitimately press suit against alleged transgressors against his person or property. District attorneys or other government officials should not be allowed to press charges against the wishes of the victim, in the name of “crimes” against such dubious or non-existent entities as “society” or the “state.” If, for example, the victim of an assault or theft is a pacifist and refuses to press charges against the criminal, no one else should have the right to do so against his wishes. For just as a creditor has the right to “forgive” an unpaid debt voluntarily, so a victim, whether on pacifist grounds or because the criminal

has bought his way out of a suit or any other reason, has the right to “forgive” the crime so that the crime is thereby annulled.

*Economic Controversies*, p. 407

... the entire structure of criminal law must be dispensed with, [so] that we are left with tort law, where the victim indeed presses charges against the aggressor.

*Economic Controversies*, p. 409

... class action suits binding on anyone except voluntary plaintiffs are impermissible.

*Economic Controversies*, p. 414

... class action suits should not be allowed except where every plaintiff actively and voluntarily joins and where common interests predominate over separate and individual ones.

*Economic Controversies*, p. 416

... any prosecution on behalf of “society” or the “state” is impermissible ...

*Economic Controversies*, p. 417

The aggressor and only the aggressor should be liable, and not the employer of an aggressor ...

*Economic Controversies*, p. 417

For the libertarian, the law can only be negative, can only prohibit aggressive and criminal acts by one person upon another. It cannot compel positive acts, regardless of how praiseworthy or even necessary such actions may be.

*Egalitarianism as a Revolt Against Nature*, pp. 152–53

... law is a valuable good that is no more necessarily produced by the State than is postal or defense service; the State can be separated from lawmaking just as it can be separated from the religious or the economic spheres of life.

*Egalitarianism as a Revolt Against Nature*, p. 208

... the legal principles of any society can be established in three alternate ways: (a) by following the traditional custom of the tribe or community; (b) by obeying the arbitrary, *ad hoc* will of those who rule the State apparatus; or (c) by the use of man's reason in discovering the natural law — in short, by slavish conformity to custom, by arbitrary whim, or by use of man's reason. These are essentially the only possible ways for establishing positive law. Here we may simply affirm that the latter method is at once the most appropriate for man at his most nobly and fully human, and the most potentially “revolutionary” *vis-à-vis* any given status quo.

*Ethics of Liberty*, p. 17

... any set of objective moral principles rooted in the nature of man must inevitably come into conflict with custom and with positive law.

*Ethics of Liberty*, p. 18

... the State by its very nature cannot obey its own legal rules. But if the State cannot obey its own legal rules, then it is necessarily deficient and self-contradictory as a maker of law.

*Ethics of Liberty*, p. 179

It is only the business of legal violence to defend people against the use of violence, to defend them from violent invasions of their person or property.

*For a New Liberty*, p. 127

... the justly celebrated common law, was developed over the centuries by competing judges applying time-honored principles rather than the shifting decrees of the State. These principles were not decided upon arbitrarily by any king or legislature; they grew up over centuries by applying rational — and very often libertarian — principles to the cases before them.

*For a New Liberty*, p. 283

... in the future libertarian society, the basic legal code would not rely on blind custom, much of which could well be antilibertarian. The code would have to be established on the basis of acknowledged

libertarian principle, of non-aggression against the person or property of others; in short, on the basis of reason rather than on mere tradition ...

*For a New Liberty*, p. 286

... unjust laws deserve to be broken.

*Left and Right*, p. 130

... liberty requires not that despotic laws be passed and then only moderately enforced, but that the law not be passed at all.

*Libertarian Forum v. 1*, p. 4

Libertarian law must be a law shorn of all elements of tyranny and aggression against those not yet proven to be criminal invaders of the person and just property of another man.

*Libertarian Forum v. 1*, p. 73

One of the glories of the Anglo-Saxon legal structure is that everyone is innocent until proven guilty after the best possible case has been put up in his defense; if we are going to scrap this elementary legal safeguard, then this country is really lost, and none of us are safe.

*Libertarian Forum v. 1*, p. 93

... the great bulk of our laws is despotic, exploitative, immoral and unjust.

*Libertarian Forum v. 1*, p. 125

Objective law existed long before government (e.g., in the common law, the law merchant, admiralty law) and was worked out by privately competitive judges long before the State imposed its monopoly. Since law is objective, it is discoverable by reason and doesn't need government to formulate it — on the contrary, government, subject as it is to the caprice and whims of legislators, is most unlikely to respect objective law, as history has amply demonstrated. The objective Law Code would be the libertarian law of outlawing aggression against person and property, defining what that property is, setting up rules for trials to determine

who the criminals are (e.g., permitting cross-examination of witnesses, etc.), and, in the libertarian society that I envision, all the privately competing courts and defense agencies would be pledged to abide by this objective Code. Any court which flouted this libertarian Code and imposed its own rules would be deemed to be itself guilty of aggression ...

*Libertarian Forum v. 1*, p. 268

Libertarian legal theory suffices to lay down a general law code — enshrining and developing the implications of the libertarian principle of non-aggression against person and property — which, in my own view of anarcho-capitalism, all the courts would be pledged to follow. Reason, not the State, is the proper agency for laying down this Law Code, and this can be seen in the ways in which judges worked out the principles of the best parts of our legal system: the common law, the law merchant, admiralty law.

*Libertarian Forum v. 1*, p. 320

The State is not needed to arrive at legal principles or their elaboration: indeed, much of the common law, the law merchant, admiralty law, and private law in general, grew up apart from the State, by judges not making the law but finding it on the basis of agreed upon principles derived either from custom or reason. The idea that the State is needed to make law is as much a myth as that the State is needed to supply postal or police service.

... an anarchist system for settling disputes would be both viable and self-subsistent: that once adopted, it could work and continue indefinitely.

*Libertarian Forum v. 1*, p. 539

When in doubt about whether some activity is aggressive, the answer is *laissez-faire*. Let the person alone! Or, to apply venerable Anglo-Saxon law, nothing should be considered aggressive or criminal or tortious unless proven so beyond a reasonable doubt. Every person must be assumed innocent until proven guilty.

*Libertarian Forum v. 2*, pp. 953–54

The common law has often been a good guide to the law consonant with the free market.

*Man, Economy, and State with Power and Market*, p. 749

The law merchant, admiralty law, and much of the common law began to be developed by privately competitive judges, who were sought out by litigants for their expertise in understanding the legal areas involved.

*Man, Economy, and State with Power and Market*, p. 1051

The Law Code of the purely free society would simply enshrine the libertarian axiom: prohibition of any violence against the person or property of another (except in defense of someone's person or property), property to be defined as self-ownership plus the ownership of resources that one has found, transformed, or bought or received after such transformation. The task of the Code would be to spell out the implications of this axiom (e.g., the libertarian sections of the law merchant or common law would be co-opted, while the statist accretions would be discarded). The Code would then be applied to specific cases by the free-market judges, who would all pledge themselves to follow it.

*Man, Economy, and State with Power and Market*, p. 1053n4

## LAW OF THE JUNGLE

The free market, in fact, is precisely the diametric opposite of the “jungle” society. The jungle is characterized by the war of all against all. One man gains only at the expense of another, by seizure of the latter's property. With all on a subsistence level, there is a true struggle for survival, with the stronger force crushing the weaker. In the free market, on the other hand, one man gains only through serving another ... The “fit” in the jungle are those most adept at the exercise of brute force. The “fit” on the market are those most adept in the service of society. The jungle is a brutish place where some seize from others and all live at the starvation level; the market is a peaceful and productive place where all serve

themselves and others at the same time and live at infinitely higher levels of consumption.

*Man, Economy, and State with Power and Market*, p. 1325

In the jungle, some gain only at the expense of others. On the market, everyone gains. It is the market — the contractual society — that wrests order out of chaos, that subdues nature and eradicates the jungle, that permits the “weak” to live productively, or out of gifts from production, in a regal style compared to the life of the “strong” in the jungle.

*Man, Economy, and State with Power and Market*, pp. 1325–26

It is precisely statism that is bringing back the rule of the jungle — bringing back conflict, disharmony, caste struggle, conquest and the war of all against all, and general poverty. In place of the peaceful “struggle” of competition in mutual service, statism substitutes calculational chaos and the death-struggle of Social Darwinist competition for political privilege and for limited subsistence.

*Man, Economy, and State with Power and Market*, p. 1326

Any society of force — whether ruled by criminal bands or by an organized State — fundamentally means the rule of the jungle, or economic chaos. Furthermore, it would be a jungle, a struggle in the sense of the Social Darwinists, in which the survivors would not really be the “fittest,” for the “fitness” of the victors would consist solely in their ability to prey on producers. They would not be the ones best fitted for advancing the human species: these are the producers, the conquerors of nature.

*Man, Economy, and State with Power and Market*, p. 1331

## LEISURE

Leisure, like any other good, is subject to the law of marginal utility. The first unit of leisure satisfies a most urgently felt desire; the next unit serves a less highly valued end; the third unit a still less highly valued end, etc. The marginal utility of leisure decreases as

the supply increases, and this utility is equal to the value of the end that would have to be forgone with the loss of the unit of leisure.

*Man, Economy, and State with Power and Market*, p. 45

Leisure is the amount of time not spent in labor ...

*Man, Economy, and State with Power and Market*, p. 46n30

... as his consumption of leisure increases, the marginal utility of leisure will decline, while the marginal utility of the goods forgone increases, until finally the utility of the marginal products forgone becomes greater than the marginal utility of leisure, and the actor will resume labor again.

*Man, Economy, and State with Power and Market*, p. 47

Leisure is the one good that is produced almost instantaneously ...

*Man, Economy, and State with Power and Market*, p. 47

... man laboring bears the cost of leisure forgone.

*Man, Economy, and State with Power and Market*, p. 342

... leisure is always a consumers' good. As a result, there will be reserve prices for labor against leisure ...

*Man, Economy, and State with Power and Market*, p. 567

... leisure is forgone in the process of expending labor.

*Man, Economy, and State with Power and Market*, p. 574

... leisure is a definite alternative to work.

*Man, Economy, and State with Power and Market*, p. 606

The individual who withholds his own labor may be doing so in order to obtain leisure ...

*Man, Economy, and State with Power and Market*, p. 633

Idle labor resources will always mean increased leisure ...

*Man, Economy, and State with Power and Market*, p. 692



... as civilization expands the supply of goods, the marginal utility of goods declines and the marginal utility of leisure forgone (the opportunity cost of labor) increases, so that more and more real income will be “taken” in the form of leisure.

*Man, Economy, and State with Power and Market*, p. 976

... the market, by raising living standards, permits man the leisure to cultivate the very qualities of civilization that distinguish him from the brutes.

*Man, Economy, and State with Power and Market*, p. 1326

## LIBERTARIANISM

... my basic motivation for being a libertarian had never been economic but moral. ... While I was convinced that the free market was more efficient and would bring about a far more prosperous world than statism, my major concern was moral: the insight that coercion and aggression of one man over another was criminal and iniquitous, and must be combatted and abolished.

*Betrayal of the American Right*, pp. 73–74

... while the short-run prospects for liberty at home and abroad may seem dim, the proper attitude for the Libertarian to take is that of unquenchable long-run optimism.

*Egalitarianism as a Revolt Against Nature*, p. 22

It is no wonder that the contemporary Libertarian, seeing the world going socialistic and communistic, and believing himself virtually isolated and cut off from any prospect of united mass action, tends to be steeped in long-run pessimism. But the scene immediately brightens when we realize that that indispensable requisite of modern civilization — the overthrow of the Old Order — was accomplished by mass libertarian action erupting in such great revolutions of the West as the French and American Revolutions, and bringing about the glories of the Industrial Revolution and the advances of liberty, mobility, and rising living standards that we still retain today.

*Egalitarianism as a Revolt Against Nature*, p. 46

Only libertarianism is truly radical. Only we can complete the unfinished revolution of our great forebears, the bringing of the world from the realm of despotism into the realm of freedom.

*Egalitarianism as a Revolt Against Nature*, p. 193

... if we could push the button for instantaneous abolition of unjust invasions of liberty, would we do it? If we would not do it, we could scarcely call ourselves Libertarians. ...

The genuine Libertarian, then, is, in all senses of the word, an “abolitionist”; he would, if he could, abolish instantaneously all invasions of liberty, whether it be, in the original coining of the term, slavery, or whether it be the manifold other instances of State oppression.

*Egalitarianism as a Revolt Against Nature*, pp. 242–43

The fundamental axiom of libertarian theory is that each person must be a self-owner, and that no one has the right to interfere with such self-ownership.

*Ethics of Liberty*, p. 60

Any action would be legal in the libertarian society, provided that it does not invade property rights ...

*Ethics of Liberty*, p. 131

... liberty is the highest the “highest political end,” the overriding goal of libertarian philosophy.

*Ethics of Liberty*, p. 258

... the libertarian must be an “abolitionist,” i.e., he must wish to achieve the goal of liberty as rapidly as possible. ... The libertarian, then, should be an abolitionist who would, if he could, abolish instantaneously all invasions of liberty.

*Ethics of Liberty*, p. 259

... the libertarian must call for immediate abolition of the State as an organized engine of aggression ...

*Ethics of Liberty*, p. 261

... the libertarian triumph must eventually occur.

*Ethics of Liberty*, p. 269

... the libertarian stands foursquare for what are generally known as “civil liberties”: the freedom to speak, publish, assemble, and to engage in such “victimless crimes” as pornography, sexual deviation, and prostitution (which the libertarian does not regard as “crimes” at all, since he defines a “crime” as violent invasion of someone else’s person or property). Furthermore, he regards conscription as slavery on a massive scale. And since war, especially modern war, entails the mass slaughter of civilians, the libertarian regards such conflicts as mass murder and therefore totally illegitimate.

*For a New Liberty*, p. 27

The libertarian favors the right to unrestricted private property and free exchange; hence, a system of “*laissez-faire* capitalism.”

*For a New Liberty*, p. 28

The central core of the libertarian creed, then, is to establish the absolute right to private property of every man: first, in his own body, and second, in the previously unused natural resources which he first transforms by his labor. These two axioms, the right of self-ownership and the right to “homestead,” establish the complete set of principles of the libertarian system. The entire libertarian doctrine then becomes the spinning out and the application of all the implications of this central doctrine.

*For a New Liberty*, pp. 47–48

The central thrust of libertarian thought, then, is to oppose any and all aggression against the property rights of individuals in their own persons and in the material objects they have voluntarily acquired.

*For a New Liberty*, p. 55

Libertarians regard the State as the supreme, the eternal, the best organized aggressor against the persons and property of the mass of the public. ...

... The distinctive feature of libertarians is that they coolly and uncompromisingly apply the general moral law to people acting in their roles as members of the State apparatus. Libertarians make no exceptions. For centuries, the State (or more strictly, individuals acting in their roles as “members of the government”) has cloaked its criminal activity in high-sounding rhetoric. For centuries the State has committed mass murder and called it “war”; then ennobled the mass slaughter that “war” involves. For centuries the State has enslaved people into its armed battalions and called it “conscription” in the “national service.” For centuries the State has robbed people at bayonet point and called it “taxation.” In fact, if you wish to know how libertarians regard the State and any of its acts, simply think of the State as a criminal band, and all of the libertarian attitudes will logically fall into place.

*For a New Liberty*, pp. 56–57

... the central thrust of the libertarian is to oppose all aggression against the rights of person and property ...

*For a New Liberty*, pp. 57–58

The libertarian creed can now be summed up as (1) the absolute right of every man to the ownership of his own body; (2) the equally absolute right to own and therefore to control the material resources he has found and transformed; and (3) therefore, the absolute right to exchange or give away the ownership to such titles to whoever is willing to exchange or receive them. ... each of these steps involves property rights ...

*For a New Liberty*, p. 85

... libertarians do not assume that the ushering in of the purely free society of their dreams will also bring with it a new, magically transformed Libertarian Man. We do not assume that the lion will lie down with the lamb, or that no one will have criminal or fraudulent designs upon his neighbor. The “better” that people will be, of course, the better any social system will work, in particular the less work any police or courts will have to do. But no such assumption is made by libertarians. What we assert is that, given any particular degree of “goodness” or “badness” among men, the purely

libertarian society will be at once the most moral and the most efficient, the least criminal and the most secure of person or property.

*For a New Liberty*, p. 291

... the libertarian creed is still that of a relatively small minority, and furthermore, it proposes radical changes in the *status quo*. Hence, it is bound to be a lonely creed ...

*For a New Liberty*, p. 375

... the potential appeal of libertarianism is a multiclass appeal; it is an appeal that cuts across race, occupation, economic class, and the generations ... Every person or group that values its liberty or prosperity is a potential adherent to the libertarian creed.

Liberty, then, has the potential for appealing to all groups across the public spectrum.

*For a New Liberty*, pp. 391–92

... libertarianism will win eventually because it and only it is compatible with the nature of man and of the world. Only liberty can achieve man's prosperity, fulfillment, and happiness. In short, libertarianism will win because it is true, because it is the correct policy for mankind, and truth will eventually win out.

*For a New Liberty*, p. 394

... libertarians should consider themselves people of the right.

*Irrepressible Rothbard*, p. 32

Libertarianism is logically consistent with almost any attitude toward culture, society, religion, or moral principle.

*Irrepressible Rothbard*, p. 101

Only libertarianism is truly radical. Only we can complete the unfinished revolution of our great forebears, the bringing of the world from the realm of despotism into the realm of freedom. Only we can replace the governance of men by the administration of things.

*Libertarian Forum* v. 1, p. 29

... libertarian philosophy [rests] on two basic axioms: the absolute right of every individual to “self-ownership,” to the ownership of his own body; and the right to own all virgin resources that the individual finds and transforms by his personal energy. From these two axioms can be derived the entire system of property rights, freedom of contract and bequest, and free-market economy.

*Libertarian Forum v. 1, p. 189*

... libertarians [are] all people who have arrived at the axiom of non-aggression ...

*Libertarian Forum v. 1, p. 384*

Libertarianism, the free society, is compatible with any psyche that holds firmly to the rights of person and property, whether for humanistic, traditionalist, or totally non-psychological reasons.

*Libertarian Forum v. 1, p. 424*

... libertarian ideology is a highly “radical” one — far outside the present political matrix. There are, of course, elements of libertarianism which will appeal to all parts of the ideological and occupational spectrum.

*Libertarian Forum v. 1, p. 597*

The heart and soul of libertarianism is its ideas, and the success of liberty will be still-born if that body of ideas is not discussed, advanced, and disseminated to scholars and interested students of liberty.

*Libertarian Forum v. 2, p. 640*

... those of us who are “fanatical” libertarians, engaged in a life-long battle on behalf of individual liberty, joyously earn a psychic profit in the course of the struggle. Why? Because our value-scales are such that we consider it of enormous psychic profit to us to participate in the battle for liberty, to fight for the most noble and glorious cause of all. We don’t consider that we are “sacrificing” either ourselves or our descendants. We consider that a commitment to participate as much as possible in the struggle for liberty

gives joy and enrichment to our lives. If we feel that we are succeeding in bringing the glorious future day of total liberty closer by our efforts, then of course so much the better; but if our best efforts do not eventually succeed (which I do not believe), we in no sense will consider our efforts wasted — for we will consider ourselves happy and privileged to have fought for the glorious cause of individual liberty. That continuing and lasting psychic profit cannot be taken away from us.

... the libertarian fights for the liberty of all men because he believes that justice requires such a world; since he holds the liberty of all very high on his value-scale, such liberty is to his own “psychic interest” as well as to the psychic interest of everyone. The libertarian fights for a world in which he would very much like to live, a world of justice where everyone’s rights (including of course his own) are upheld. He wants to exploit no one and no one to exploit him.

*Libertarian Forum v. 2, p. 703*

... the truly complete libertarian, the “born again” libertarian, if you will, is not content with recognizing the truth of liberty as the best social system; he cannot and will not rest content until that system, that set of principles, has triumphed in the world of reality. Reason and will are thus fused in a mighty and unflinching determination to carry on the struggle until the victory of liberty over statism has been achieved.

*Libertarian Forum v. 2, p. 785*

Our goal is nothing less than the victory of liberty over the Leviathan State ...

*Libertarian Forum v. 2, p. 788*

... [libertarians] are not on the left-right political spectrum.

*Libertarian Forum v. 2, p. 834*

What are libertarians? Some of us are free-market anarchists, others are minimal statist. But we all believe that government must not stray beyond the strict confines of the defense of each individual’s

rights to liberty and property. We favor personal and economic liberty. And we believe in minimal government at home and abroad; we oppose government intervention in the domestic economy or in the affairs of other nations. We are not pacifists; we want to confine the U.S. government to protecting its own citizens while aggressing against no one else.

*Libertarian Forum v. 2, p. 886*

... the attack that statists and non-libertarians have always leveled against libertarians [is:] Why are you so “negative”? Why are you always so opposed to the government? Can’t you ever offer positive measures? The answer to this bit of hokum is precisely the same now as it was before: We are strongly opposed to the State to the extent that we love liberty. We positively favor liberty and libertarianism, and it is precisely for that reason that we are so negatively opposed to those who would trample upon liberty or on the principles of libertarianism. Indeed, how could we love liberty strongly and passionately if we did not oppose its enemies with equal fervor?

*Libertarian Forum v. 2, p. 971*

... libertarianism decrees that every person should have the right to do whatever he wants with his own property.

*Libertarian Forum v. 2, p. 1123*

I like to think of the libertarian political philosopher as a kind of spiritual Lone Ranger, dedicated to defending rights and justice and to combating crime against such rights wherever he finds it. Examining all the possible hypotheticals, the Lone Ranger descends from the sky with his six-shooters ablaze, interested in one and only one concern: defense of the victim’s rights against aggression. He cares not for excuses, alibis, starvation, or emergency situations; he cares only for defense of rights.

*Libertarian Forum v. 2, p. 1180*

... no anarchist has ever deliberately willed chaos or world destruction. Indeed, anarchists have always believed that the establishment



of their system would eliminate the chaotic elements now troubling the world.

*Strictly Confidential*, p. 27

## LIBERTY

The interest of the people coincides with universal interest and with *laissez-faire* and liberty for all.

*Classical Economics*, p. 78

I see the liberty of the individual not only as a great moral good in itself (or, with Lord Acton, as the highest political good), but also as the necessary condition for the flowering of all the other goods that mankind cherishes: moral virtue, civilization, the arts and sciences, economic prosperity. Out of liberty, then, stem the glories of civilized life.

*Conceived in Liberty* v. 1, pp. 9–10; p. xvi

From liberty all other blessings flow.

*Conceived in Liberty* v. 2, p. 193; p. 691

Liberty implies property rights and free trade; it does not contradict them.

*Conceived in Liberty* v. 3, p. 263; p. 1027

... man's equality lies in his equal right to liberty.

*Conceived in Liberty* v. 4, p. 179; p. 1293

... liberty causes innovations and fuels the spirit of enterprise ...

*Economic Thought Before Adam Smith*, p. 262

... only liberty, only a free market, can organize and maintain an industrial system, and the more that population expands and explodes, the more necessary is the unfettered working of such an industrial economy. *Laissez-faire* and the free market become more and more evidently necessary as an industrial system develops ...

*Egalitarianism as a Revolt Against Nature*, p. 47

The key to the theory of liberty is the establishment of the rights of private property, for each individual's justified sphere of free action can only be set forth if his rights of property are analyzed and established.

*Ethics of Liberty*, p. xlvi

... in a libertarian world, every man has equal liberty, equal rights under the libertarian law. There can be no special immunities, special licenses to commit crime.

*Ethics of Liberty*, pp. 82–83

Rights to one's liberty and property must be universal.

*Ethics of Liberty*, p. 122

... liberty is the absence of physically coercive interference or invasion of an individual's person and property.

*Ethics of Liberty*, p. 215

... liberty requires the elimination of aggressive violence in society ...

*Ethics of Liberty*, p. 226

... liberty should be the highest political end ... liberty is a moral principle, grounded in the nature of man. In particular, it is a principle of justice, of the abolition of aggressive violence in the affairs of men.

*Ethics of Liberty*, p. 258

... the victory of total liberty is the highest political end ...

*Ethics of Liberty*, p. 264

... the current prospects for liberty, even in the short-run, are highly encouraging.

*Ethics of Liberty*, p. 273

... the rights of personal liberty and “freedom of enterprise” almost invariably intertwine and cannot really be separated.

*For a New Liberty*, p. 85

... only liberty, only a free market, can organize and maintain an industrial system ...

*Left and Right*, p. 22

It is liberty that is the idea most threatening to the state. And all men who hold it as an ideal are enemies of the state.

*Libertarian Forum v. 1*, p. 39

The eventual victory of liberty is inevitable, because only liberty is functional for modern man. ... liberty one day shall triumph.

*Libertarian Forum v. 1*, p. 175

... the fundamental definition of liberty is “negative”: it consists in the absence of molestation, the absence of invasion of anyone’s property rights in his person or material goods by other people. And the first philosophical error of every statist or socialist, left or right, is always to denounce the “superficiality” of “negative” freedom, and to set forth their views of “positive” freedom, which can include a grab-bag of goodies from full employment and three-square-meals a day to the present fad for “personal liberation.”

*Libertarian Forum v. 1*, p. 184

... liberty is, to be sure, not the be-all and end-all of anyone’s personal philosophy. The libertarian does not believe that liberty *per se* provides the magic panacea for all ills or the magic guide for all actions; he simply advocates the liberty for every man to work out his own goals and his own personal philosophy. Once liberty is achieved, there can be all sorts of moral philosophies which different libertarians can pursue; the rationalist libertarians, for example, among whom I include myself, would hope that the free man would use his liberty in accordance with a rational ethic, an ethic derived from a rational study of the objective nature of man.

But this plea for rationalism is on a different plane than the wider plea for liberty.

*Libertarian Forum v. 1, p. 184*

Liberty is profoundly American ...

*Libertarian Forum v. 1, p. 214*

Liberty — the problem of the proper scope of violence ...

*Libertarian Forum v. 1, p. 384*

... we cannot have liberty unless we have life ...

*Libertarian Forum v. 2, p. 703*

Liberty is not always a rose garden — especially for the existing ruling class and those living off the State.

*Libertarian Forum v. 2, p. 944*

The advent of liberty will immeasurably benefit most Americans. But some will lose — those who have been exploiting us and feeding at the public trough. And these special interests and ruling elites will not surrender their ill-gotten gains so readily. They will fight like hell to keep it. Libertarianism is not a message of treacle and Camelot; it is a message of struggle.

*Libertarian Forum v. 2, p. 949*

... the whole point of achieving liberty: to give individual persons the chance to develop their own lives in freedom.

*Libertarian Forum v. 2, p. 1135*

... liberty is a lifetime commitment, and not a quick ticket to fortune and glory.

*Libertarian Forum v. 2, p. 1191*

... a condition of absence of coercion over person and property for every man ...

*Man, Economy, and State with Power and Market, p. 1311*

... liberty is defined as freedom to control what one owns without molestation by others ...

*Man, Economy, and State with Power and Market*, p. 1342

... the government should not infringe on liberty and property ...

*Rothbard vs. the Philosophers*, p. 69

... liberty is necessary to a viable social order.

*Strictly Confidential*, p. 47

## LIMITED GOVERNMENT

... through the centuries men have formed concepts designed to check and limit the exercise of State rule; and, one after another, the State, using its intellectual allies, has been able to transform these concepts into intellectual rubber stamps of legitimacy and virtue to attach to its decrees and actions.

*Egalitarianism as a Revolt Against Nature*, p. 70

... the State has invariably shown a striking talent for the expansion of its powers beyond any limits that might be imposed upon it.

*Egalitarianism as a Revolt Against Nature*, p. 79

The last few centuries were times when men tried to place constitutional and other limits on the State, only to find that such limits, as with all other attempts, have failed. Of all the numerous forms that governments have taken over the centuries, of all the concepts and institutions that have been tried, none has succeeded in keeping the State in check.

*Egalitarianism as a Revolt Against Nature*, p. 88

If, in fact, we cast a cold and logical eye on the theory of “limited government,” we can see it for the chimera that it really is, for the unrealistic and inconsistent “Utopia” that it holds forth. ... In the first place, there is no reason to assume that a compulsory monopoly of violence, once acquired by the “Jones family” or by

any State rulers, will remain “limited” to protection of person and property. Certainly, historically, no government has long remained “limited” in this way. And there are excellent reasons to suppose that it never will. First, once the cancerous principle of coercion — of coerced revenue and compulsory monopoly of violence — is established and legitimated at the very heart of society, there is every reason to suppose that this precedent will be expanded and embellished. In particular, it is in the economic interest of the State rulers to work actively for such expansion. The more the coercive powers of the State are expanded beyond the cherished limits of the *laissez-faire* theorists, the greater the power and pelf accruing to the ruling caste operating the State apparatus. Hence, the ruling caste, eager to maximize its power and wealth, will stretch State power ...

... the State and its rulers will act to maximize their power and wealth, and hence inexorably expand beyond the supposed “limits.” The crucial point is that in the Utopia of limited government and *laissez-faire*, there are no institutional mechanisms to keep the State limited. Surely the bloody record of States throughout history should have demonstrated that any power, once granted or acquired, will be used and therefore abused.

*Ethics of Liberty*, pp. 175–76

The idea of a strictly limited government has proved to be utopian ...

*For a New Liberty*, p. 84

The idea of a strictly limited constitutional State was a noble experiment that failed ...

*For a New Liberty*, p. 381

The idea of a strictly limited, *laissez-faire* government turns out to be a Utopian, unrealistic one. It can never work, which is one of the main reasons why anarchists see the necessity for eliminating the State altogether, rather than try to limit and confine it once it is there.

*Libertarian Forum v. 1*, p. 119

... once grant to one agency the power to enforce a compulsory monopoly of ultimate defense in a given territorial area, once grant it the right to outlaw competing police and judicial agencies, and its coercive power is already so great that its enforcement of compulsory taxation is a brief further step in its grab for power. This is in theory; in practice, of course, there was never this separation to begin with; the bandit gang that achieved the power to call itself the “State” never had any compunction about exercising as much coercion and extracting as much plunder as it could get away with.

*Libertarian Forum v. 1, p. 320*

... it is the essence of Power, of government, to expand beyond its *laissez-faire* limits ... it is the task of the people to guard eternally against this process. ... they must always regard their government with hostility and deep suspicion ...

*Libertarian Forum v. 2, p. 786*

... in the history of political thought, time after time a concept originally designed to limit and check the State was turned by the State into an instrument to give it legitimacy and moral approval in the eyes of the masses.

*Strictly Confidential, p. 53*

## LOCKE, JOHN

... a great liberal philosopher ...

*Conceived in Liberty v. 1, p. 466; p. 456*

... contrary to some historians, Locke’s “labor theory of property” has no relation to the “labor theory of value” of Karl Marx and other socialist authors.

*Conceived in Liberty v. 2, p. 190n3; p. 688n3*

The moral justification for government, to Locke, was to defend these rights of property. Should government fail to serve this function, and itself become destructive of property rights, the people then have the right to revolt against such government and to replace

it with one that will defend their rights. Thus, Locke, by the use of reason in investigating the laws of man's nature, adumbrated the doctrine of the natural rights of the individual to person and property, rights that are anterior to government and that government is duty-bound to defend, on pain of a justified overthrow.

*Conceived in Liberty* v. 2, p. 191; p. 689

John Locke continued to be the major fountainhead of libertarian theory in America ...

*Conceived in Liberty* v. 3, p. 335

Here was the quintessence of John Locke and of the eighteenth century libertarian creed: it is axiomatic that all men are endowed by nature with inalienable rights; the proper aim of government, as derived from the consent of the governed, is to secure those rights. Nothing other than this function justifies government's existence; hence the right of the people to revolt against any government destructive of those aims.

*Conceived in Liberty* v. 4, p. 178; p. 1292

... the great libertarian political theorist ...

*Economic Thought Before Adam Smith*, p. 313

Locke may have been and indeed was an ardent Protestant, but he was also a Protestant scholastic, heavily influenced by the founder of Protestant scholasticism, the Dutchman Hugo Grotius, who in turn was heavily influenced by the late Spanish Catholic scholastics. ... While Locke developed libertarian natural rights thought more fully than his predecessors, it was still squarely embedded in the scholastic natural law tradition.

*Economic Thought Before Adam Smith*, p. 314

Locke grounded his theory of natural property rights in each individual's right of self-ownership, of a "propriety" in his own person.

...

... Locke's is a labor theory of property, that is, how material property justly comes into ownership by means of labor exertion or



“mixing.” This theory has absolutely nothing to do with what determines the value or price of goods or services on the market, and therefore has nothing to do with the later “labor theory of value.”

*Economic Thought Before Adam Smith*, pp. 316–17

Locke had denounced debasement as deceitful and illusionist: what determined the real value of a coin, he declared, was the amount of silver in the coin, and not the name granted to it by the authorities. Debasement, Locke warned in his magnificently hard-money discussion, is illusory and inflationist ...

... Locke superbly put his finger on the supposed function of the Mint: to maintain the currency as purely a definition, or standard of weight of silver; any debasement, any change of standards, would be as arbitrary, fraudulent, and unjust as the government’s changing the definition of a foot or a yard.

*Economic Thought Before Adam Smith*, pp. 321–22

... Locke the natural rights-er developed the scholastic natural law tradition, and was the opposite of Hobbes’s right-wing Grotian apologia for state absolutism. ... Locke was not a Hobbesian but in the natural law tradition ...

*Economic Thought Before Adam Smith*, p. 339n8

John Locke (1632–1704), the great late seventeenth century English libertarian political theorist, is often erroneously held to have originated the labor theory of value. Actually, Locke was discussing a far different problem from the determination of price. In the first place, he championed the idea of private property in land to the original homesteaders, who took unused land out of the common by “mixing their labor” with the soil. This is a labor theory of the proper origin of private property rather than a labor theory of value. Second, Locke is trying to demonstrate the unimportance of land — supposedly originally communal — as compared to the importance of human energy and production in determining the value of products or resources. Locke asks us to compare an unused piece of communal land with the difference made by labor in tilling the soil and transforming it into consumer goods. Here Locke is certainly correct in highly valuing the input of human energy,

which here includes the creation and the collaboration of capital goods as well as the narrow modern meaning of “labor.” Human energy, or “labor” in the broadest sense, has certainly made the crucial difference in the march upwards from penury and barbarism to modern civilization. But this is no “labor theory of value” in the sense of determining price.

*Economic Thought Before Adam Smith*, p. 472n17

... the proper theory of justice in landed property can be found in John Locke: that it first become private property by the use criterion.

*Egalitarianism as a Revolt Against Nature*, p. 210

It was ... John Locke in seventeenth-century England who transformed classical natural law into a theory grounded on methodological and hence political individualism. From the Lockean emphasis on the individual as the unit of action, as the entity who thinks, feels, chooses, and acts, stemmed his conception of natural law in politics as establishing the natural rights of each individual. It was the Lockean individualist tradition that profoundly influenced the later American revolutionaries and the dominant tradition of libertarian political thought in the revolutionary new nation. ...

Locke’s celebrated *Second Treatise on Government* was certainly one of the first systematic elaborations of libertarian, individualistic, natural-rights theory.

*Ethics of Liberty*, p. 21

It should not be surprising that Locke’s natural-rights theory, as historians of political thought have shown, was riddled with contradictions and inconsistencies. After all, the pioneers of any discipline, any science, are bound to suffer from inconsistencies and lacunae that will be corrected by those that come after them.

*Ethics of Liberty*, p. 22

... the American Revolution ... was grounded in a radically revolutionary development of Lockean theory during the eighteenth century.

*Ethics of Liberty*, p. 23

The earliest theoreticians of libertarian classical liberalism were the Levellers during the English Revolution and the philosopher John Locke in the late seventeenth century ... John Locke set forth the natural rights of each individual to his person and property; the purpose of government was strictly limited to defending such rights.

*For a New Liberty*, p. 4

While Locke was a brilliant property theorist, we are not claiming that he developed and applied his theory with anything like complete consistency.

*For a New Liberty*, p. 40n3

I am in the “radical Lockean” tradition of the founders of the American Republic, of the Commonwealthmen, of the American Revolutionaries, of the Anti-Federalists, the Jeffersonians, etc.

*Irrepressible Rothbard*, p. 291

Jefferson, Paine, et al. were taking their doctrines squarely from Locke.

*Rothbard vs. the Philosophers*, p. 64

... Locke justified rebelling against the government when the latter violated the natural rights of individuals ...

*Rothbard vs. the Philosophers*, p. 88n33

## LOGIC

... if a man cannot affirm a proposition without employing its negation, he is not only caught in an inextricable self-contradiction; he is conceding to the negation the status of an axiom.

*Economic Controversies*, p. 6

A self-evident axiom ... will be a proposition which cannot be contradicted without employing the axiom itself in the attempt.

*Economic Controversies*, p. 10

... economics, in contrast to physics, can derive absolutely valid substantive truths about the real world by deductive logic.

*Economic Controversies*, p. 292

For the Aristotelian philosophers, logic was not a separate and isolated discipline, but an integral part of the natural law. Thus, the basic process of identifying entities led, in “classical” or Aristotelian logic, to the Law of Identity: a thing is, and cannot be anything other than, what it is: a is a.

It follows, then, that an entity cannot be the negation of itself. Or, put another way, we have the Law of Non-Contradiction: a thing cannot be both a and non-a. a is not and cannot be non-a.

Finally, in our world of numerous kinds of entities, anything must be either a or it won’t be; in short, it will either be a or non-a. Nothing can be both. This gives us the third well-known law of classical logic: the Law of the Excluded Middle: everything in the universe is either a or non-a.

*Economic Thought Before Adam Smith*, p. 4

... the use of verbal logic is not inferior to logistics. On the contrary, the latter is merely an auxiliary device based on the former. For formal logic deals with the necessary and fundamental laws of thought, which must be verbally expressed, and logistics is only a symbolic system that uses this formal verbal logic as its foundation. Therefore, praxeology and economics need not be apologetic in the slightest for the use of verbal logic ...

*Man, Economy, and State with Power and Market*, p. 76

The economist does not “assume”; he knows. He concludes on the basis of logical deduction from self-evident axioms, i.e., axioms that are either logically or empirically incontrovertible.

*Man, Economy, and State with Power and Market*, p. 582

## LOOPHOLE

... is it really a “subsidy” to be allowed to keep more of your own money? Only if we agree with the curious implicit assumption of

the flat-taxers that the government, not us, really owns our earnings and our property ...

*Economic Controversies*, p. 536

Neither can one call accelerated depreciation a subsidy. There is no reason why a business should not be able to depreciate its capital at any pace it wants. ... Accelerated depreciation simply allows firms to arrange the time-schedule of their payments in the most convenient and efficient ways.

*Economic Controversies*, pp. 539–40

A deduction or exemption is only a “loophole” if you assume that the government owns 100 percent of everyone’s income and that allowing some of that income to remain untaxed constitutes an irritating “loophole.” Allowing someone to keep some of his own income is neither a loophole nor a subsidy.

*Making Economic Sense*, p. 16

... the very concept of “loopholes” implies that the government rightly owns all of the money you earn ...

*Making Economic Sense*, p. 24

Let us hope that the tax credit will return in full force. And then we can revive the lost tactic, not of “closing the loopholes,” but of ever-widening them, opening them so widely for all indeed, that everyone will be able to drive a Mack truck through them, until that wondrous day when the entire federal revenue system will be one gigantic loophole.

*Making Economic Sense*, p. 215

... the hidden assumption of those who want to eliminate deductibility (not only of state and local taxes but of many other expenditures and “loopholes”), is that the government is really the just owner of all of our income and property, and that allowing us to keep any of it, or any more of it than before, constitutes an illegitimate “subsidy.”

*Making Economic Sense*, p. 216

## MACHIAVELLI, NICCOLÒ

Niccolò Machiavelli was reviled throughout Europe during the sixteenth century and on into the next two centuries. He was considered to be someone unique in the history of the West, a conscious preacher of evil, a diabolic figure who had unleashed the demons in the world of politics.

*Economic Thought Before Adam Smith*, p. 189

... the overriding, if not the only goal for the prince was to maintain and extend his power, his rule over the state. Keeping and expanding his power is the prince's goal, his virtue, and therefore any means necessary to achieve that goal becomes justified.

... Machiavelli realized that cleaving to justice, honesty and other Christian virtues might sometimes, or even most of the time, conflict with the goal of maintaining and expanding state power. For Machiavelli, orthodox virtues would then have to go by the board. ...

... Preaching evil is to counsel precisely as Machiavelli has done: be good so long as goodness doesn't get in the way of something you want, in the case of the ruler that something being the maintenance and expansion of power.

*Economic Thought Before Adam Smith*, p. 190

... the prince is advised always to appear to be moral and virtuous in the Christian manner, since that enhances his popularity; but to practice the opposite if necessary to maintain power. Thus Machiavelli stressed the value of appearances, of what Christians and other moralists call "hypocrisy."

*Economic Thought Before Adam Smith*, p. 191

Niccolò Machiavelli ... was unquestionably a new phenomenon in the western world: a conscious preacher of evil to the ruling class.

*Economic Thought Before Adam Smith*, p. 191

There is no pretend value-freedom in Old Nick. He has simply replaced the goals of Christian virtue by another contrasting set

of moral principles: that of maintaining and expanding the power of the prince. ...

Niccolò Machiavelli, therefore, was both the founder of modern political science and a notable preacher of evil. In casting out Christian or natural law morality, however, he did not presume to claim to be “value-free” as do his modern followers; he knew full well that he was advocating the new morality of subordinating all other considerations to power and to the reasons of state. Machiavelli was the philosopher and apologist par excellence for the untrammelled, unchecked power of the absolute state.

*Economic Thought Before Adam Smith*, p. 192

... Machiavelli preaches the virtue of deceit for the ruler. He insists, also, in contrast to previous humanists, that it is better for a ruler to be feared than to be loved, and that punishment is far better than clemency in dealing with his subjects. Furthermore, when a ruler finds that a whole city is rebelling against his rule, by far the best course of action is to “wipe them out” altogether.

*Economic Thought Before Adam Smith*, p. 194

Machiavelli is still at one and the same time a preacher of evil and a founder of modern political and policy science.

*Economic Thought Before Adam Smith*, p. 194

... Machiavelli was scarcely popular in Europe ...

*Economic Thought Before Adam Smith*, p. 197

## MAJORITY RULE

The despotism of the majority can be as bad as the tyranny of one or a few ...

*Conceived in Liberty* v. 2, p. 193; p. 691

The weakest path to an economist’s adoption of social values is to appeal to the majority. ...

... the *ad hoc* and arbitrary value judgments of the majority are no better than those of one person ...

*Economic Controversies*, p. 87

... a majority can use their ballot power to confiscate the income of a minority, a power limitless under progressive taxation.

*Economic Controversies*, p. 555

Once a State has been established, the problem of the ruling group or “caste” is how to maintain their rule. While force is their *modus operandi*, their basic and long-run problem is ideological. For in order to continue in office, any government (not simply a “democratic” government) must have the support of the majority of its subjects. This support, it must be noted, need not be active enthusiasm; it may well be passive resignation as if to an inevitable law of nature. But support in the sense of acceptance of some sort it must be; else the minority of State rulers would eventually be outweighed by the active resistance of the majority of the public. Since predation must be supported out of the surplus of production, it is necessarily true that the class constituting the State — the full-time bureaucracy (and nobility) — must be a rather small minority in the land, although it may, of course, purchase allies among important groups in the population. Therefore, the chief task of the rulers is always to secure the active or resigned acceptance of the majority of the citizens.

*Egalitarianism as a Revolt Against Nature*, pp. 61–61

The libertarian insists that whether or not such practices are supported by the majority of the population is not germane to their nature: that, regardless of popular sanction, War is Mass Murder, Conscription is Slavery, and Taxation is Robbery.

*For a New Liberty*, p. 29

The government does not in any accurate sense “represent” the majority of the people, but even if it did, even if 90 percent of the people decided to murder or enslave the other 10 percent, this would still be murder and slavery, and would not be voluntary suicide or enslavement on the part of the oppressed minority. Crime is crime, aggression against rights is aggression, no matter how many citizens agree to the oppression. There is nothing sacrosanct about the majority; the lynch mob, too, is the majority in its own domain.

*For a New Liberty*, p. 60



Murder is murder, theft is theft, whether undertaken by one man against another, or by a group, or even by the majority of people within a given territorial area. The fact that a majority might support or condone an act of theft does not diminish the criminal essence of the act or its grave injustice.

*Ethics of Liberty*, p. 164

Every form of political rule depends on the abridgment, to one degree or another, of the right of the individual to determine the course of his own life. To agree to abide by the will of the majority, or the will of parliament, of that of a dictator, requires the surrender of one's personal autonomy ...

*Libertarian Forum v. 1*, p. 172

... all States are supported by a majority — whether a voting democracy or not; otherwise, they could not long continue to wield force against the determined resistance of the majority.

*Man, Economy, and State with Power and Market*, p. 1066

... the majority is not society, is not everyone. Majority coercion over the minority is still coercion.

*Man, Economy, and State with Power and Market*, p. 1066

I personally am passionately opposed to all despotism, majority or minority ...

*Strictly Confidential*, p. 42

## MALTHUS, THOMAS

... Malthus ... unfortunately adopted the labor theory of value ...

*Classical Economics*, p. 30

Malthus was more than the gloomy population theorist that made his name: he was also an ardent Smithian economist.

*Classical Economics*, p. 34

... Malthus lost interest in his underconsumptionist heresy after 1824, and quickly reverted to being a leader of Smithian classical economics.

*Classical Economics*, p. 34

... Malthus, despite various differences, considered himself a Smithian and was generally friendly to Ricardianism as well as to Ricardo personally. Malthus's interest in the alleged "general glut" and in denouncing Say's Law, was an ephemeral product of the post-Napoleonic War depression in England. When England's prosperity returned after 1823, Malthus totally lost interest in the general glut question, and wrote no more about it.

*Classical Economics*, p. 106

... Malthus was a devoted follower of Adam Smith.

*Economic Thought Before Adam Smith*, p. 458

One of the many problems of th[e] "Malthusian" approach is that it assumes that human beings will not be able to act on their own to limit population growth in order to preserve a newly achieved standard of living.

*Economic Thought Before Adam Smith*, p. 459

... Malthus became known worldwide for his famous assault on human population.

In previous centuries, in so far as writers or economists dealt with the problem at all, they were almost uniformly pro-populationists. A large and growing population was considered a sign of prosperity, and a spur to progress.

*Economic Thought Before Adam Smith*, pp. 481–82

... Malthus's fallacious and inchoate principle of population carried the day and, adopted enthusiastically by Ricardo and his followers, was to become enshrined into British classical economics.

...

Certainly, the triumph of the Malthusian fallacy played an important role in the common view that the science of economics

itself was and is cold, hardhearted, excessively rational, and opposed to the lives and welfare of people.

*Economic Thought Before Adam Smith*, pp. 490–91

## MARRIAGE

I believe that modern American marriages are, by and large, conducted on a basis of equality ... the female militants claim that marriage is a diabolical institution by which husbands enslave their wives and force them to rear children and do housework. But let us consider: in the great majority of the cases, *who* is it that insists on marriage, the man or the woman? Everyone knows the answer.

*Egalitarianism as a Revolt Against Nature*, p. 164

... I am foursquare for the “closed marriage,” the marriage in which two partners live in trust and fidelity, in which they blend into a lifelong emotional intimacy to the glories of which the promiscuous and the seduction-shuckers are deaf, dumb, and blind.

*Libertarian Forum v. 1*, p. 348

Since human self-ownership cannot be alienated, a man or a woman, on a free market, could not be compelled to continue in marriage if he or she no longer desired to do so. This is regardless of any previous agreement. Thus, a marriage contract, like an individual labor contract, is, on an unhampered market, terminable at the will of either one of the parties.

*Man, Economy, and State with Power and Market*, p. 164n35

## MARSHALL, ALFRED

Marshall ... fail[ed] to adopt the full marginal utility theory ...

*Economic Controversies*, p. 157

... Ricardian cost and labor-pain theories [were] preserved by Marshall ...

*Economic Controversies*, p. 171

Before World War II, the dominant paradigm, at least in Anglo-American economics, was the neo-Ricardian partial equilibrium theory of Alfred Marshall.

*Economic Controversies*, p. 261n1

... Alfred Marshall establish[ed] neoclassical economics as a neo-Ricardian and hence neo-Smithian discipline.

*Economic Thought Before Adam Smith*, p. 437

... the unquestioned ruler of academic economists in Britain.

*History of Money and Banking in the United States*, p. 389

... Alfred Marshall [the] unchallenged lion of British economics for half a century. ...

... when Maynard [Keynes] eventually decided to pursue a career as an economist at Cambridge, two extremely powerful figures at that university — his father and Alfred Marshall — were more than ready to lend him a helping hand.

*Keynes, the Man*, p. 11

Marshall developed the strategy of maintaining a hermetically sealed Marshallian world at Cambridge (and hence in British economics generally). He created the myth that in his 1890 *magnum opus*, the *Principles of Economics*, he had constructed a higher synthesis, incorporating the valid aspects of all previously competing and clashing theories. ...

Because he successfully pushed this myth, he therefore spawned the universal view that “it’s all in Marshall,” that, after all, there was no need to read anyone else. For if Marshall had harmonized all the one-sided, one-eyed economic views, there was no longer any reason except antiquarianism to bother to read them. As a result, the modal Cambridge economist read only Marshall, spinning out and elaborating on cryptic sentences or passages in the Great Book.

*Keynes, the Man*, pp. 28–29

... what Marshall really did was not to synthesize but to reestablish the dominance of Ricardo and Mill and their long-run equilibrium and cost-of-production theories, overlaying them with a thin veneer of trivialized marginal-utility analysis.

*Keynes, the Man*, pp. 29n5

... Marshall and his sect managed to assume hegemony not only of Cambridge economics but of the world ...

*Keynes, the Man*, p. 30

... the economics he developed was essentially a return to the classical Ricardo/Mill tradition.

*Keynes, the Man*, p. 40

... Alfred Marshall ... attempted to rehabilitate the classicists and integrate them with the Austrians, while disparaging the contributions of the latter. It was unfortunately the Marshallian and not the Austrian approach that exerted the most influence over later writers. This influence is partly responsible for the current myth among economists that the Austrian School is effectively dead and has no more to contribute and that everything of lasting worth that it had to offer was effectively stated and integrated in Alfred Marshall's *Principles*.

Marshall tried to rehabilitate the cost-of-production theory of the classicists by conceding that, in the "short run," in the immediate market place, consumers' demand rules price. But in the long run, among the important reproducible goods, cost of production is determining. According to Marshall, both utility and money costs determine price, like blades of a scissors, but one blade is more important in the short run, and another in the long run.

*Man, Economy, and State with Power and Market*, p. 357

Marshall's analysis suffers from a grave methodological defect—indeed, from an almost hopeless methodological confusion as regards the "short run" and the "long run." He considers the "long run" as actually existing, as being the permanent, persistent,

observable element beneath the fitful, basically unimportant flux of market value. ...

Marshall's conception of the long run is completely fallacious, and this eliminates the whole groundwork of his theoretical structure. The long run, by its very nature, never does and never can exist.

*Man, Economy, and State with Power and Market*, pp. 358–59

Marshall's treatment of subjective costs was also highly fallacious. Instead of the idea of opportunity costs, he had the notion that they were "real costs" that could be added in terms of measurable units. ...

Marshall's great error here, and it has permeated the works of his followers and of present-day writers, is to regard costs and production exclusively from the point of view of an isolated individual entrepreneur or an isolated individual industry, rather than viewing the whole economy in all its interrelations.

*Man, Economy, and State with Power and Market*, p. 361

... was hardly a partisan of *laissez-faire* ...

... Marshall didn't believe in *laissez-faire*.

*Strictly Confidential*, p. 212

... an eclectic tangle of confusions and inconsistencies ...

*Strictly Confidential*, p. 315

## MARX, KARL

The key to the intricate and massive system of thought created by Karl Marx (1818–83) is at bottom a simple one: Karl Marx was a communist. A seemingly banal or trite statement set alongside Marxism's myriad of jargon-ridden concepts in philosophy, economics, history, culture et al. Yet Marx's devotion to communism was his crucial point, far more central than the dialectic, the class struggle, the theory of surplus value, and all the rest. Communism was the goal, the great end, the desideratum, the ultimate end ...

*Classical Economics*, p. 317

Violent, worldwide revolution, in Marx's version made by the oppressed proletariat, would be the instrument of the advent of his millennium, communism.

*Classical Economics*, p. 317

Karl Marx did not sketch the features of his future communism in any detail. ...

But certain features are broadly alike in all visions of communism. Private property is eliminated, individualism goes by the board, individuality is flattened, all property is owned and controlled communally, and the individual units of the new collective organism are in some vague way equal to one another.

*Classical Economics*, p. 318

Marx sought in communism the apotheosis of the collective species — mankind as one new super-being, in which the only meaning possessed by the individual is as a negligible particle of that collective organism.

*Classical Economics*, p. 319

Marx's ... utopia is shadowy. ... Marx had no interest in the economic features of his utopia ...

*Classical Economics*, pp. 320–21

... Marx cannot and does not attempt to explain how a system of total greed becomes transformed into total greedlessness. He leaves it all to the wizardry of the dialectic ...

*Classical Economics*, p. 323

To Marx, all labor in future communism is not economic, but artistic, the free and spontaneous creativity allegedly typical of the artist. For Marx in his economic *magnum opus*, *Capital*, communist man has been transformed from an alienated man into an aesthetic man who regards everything in artistic terms. Thus, on the factory, industrial production under communism will have no authoritarian direction but rather unity will be achieved as with musicians in a symphony orchestra.

*Classical Economics*, p. 327

Marx took money from any source available: his father, mother, and throughout his adult life, his long-suffering friend and abject disciple, Friedrich Engels, all of whom fueled Marx's capacity for spending money like water.

An insatiable spender of other people's money, Marx continually complained about a shortage of financial means. While sponging on Engels, Marx perpetually complained to his friend that his largess was never enough.

*Classical Economics*, p. 340

Karl Marx, the self-proclaimed enemy of the exploitation of man by man, not only exploited his devoted friend Friedrich Engels financially, but also psychologically.

*Classical Economics*, p. 341

Marx's personal taste for the aristocracy was lifelong.

*Classical Economics*, p. 341

... the great Marxists, including Marx, Engels and Lenin, were all bourgeois intellectuals rather than children of the proletariat.

*Classical Economics*, p. 361

... a utopian, and a fierce one, Marx certainly was. A hallmark of every utopia is a militant desire to put an end to history, to freeze mankind in a static state, to put an end to diversity and man's free will, and to order everyone's life in accordance with the utopian's totalitarian plan.

*Classical Economics*, p. 364

... Marx[s] ... quest for utopia was ... an explicit attack on God's creation and a ferocious desire to destroy it.

*Classical Economics*, p. 364

... Marx and Engels were themselves in favor of western, particularly German, imperialism ...

*Classical Economics*, p. 371



... all leading Marxists, beginning with Marx and Engels, were emphatically bourgeois themselves. Marx was the son of a wealthy lawyer, his wife was a member of the Prussian nobility and his brother-in-law Prussian minister of the interior. Friedrich Engels, his lifelong benefactor and collaborator, was the son of a wealthy manufacturer, and himself a manufacturer. Why were not their views and doctrines also determined by bourgeois class interests? What permitted their consciousness to rise above a system so powerful that it determines the views of everyone else?

*Classical Economics*, p. 379

## MARXISM

None of the horrors committed by Lenin, Stalin, or other Marxist-Leninist regimes can match the monstrousness of Marx's communist "ideal."

*Classical Economics*, p. 333

... for Marxists, ideal communism is a world without private property ...

*Classical Economics*, p. 334

Marx and his followers have never demonstrated any awareness of the vital importance of the problem of allocation of scarce resources. Their vision of communism is that all such economic problems are trivial, requiring neither entrepreneurship nor a price system nor genuine economic calculation ...

*Classical Economics*, p. 335

... a utopian, and a fierce one, Marx certainly was. A hallmark of every utopia is a militant desire to put an end to history, to freeze mankind in a static state, to put an end to diversity and man's free will, and to order everyone's life in accordance with the utopian's totalitarian plan.

*Classical Economics*, p. 364

... the Marxian system is not only a tissue of fallacies, but of flimsy fallacies and linkages as well.

*Classical Economics*, p. 371

... Marx claims to come up with “laws of history” which, according to him, are “scientific” rather than mystical. Well, if he knows the laws of history, then Marx had better come up with correct predictions of such allegedly determined laws. Yet all his predictions have proved utterly wrong. At this point, Marxists invariably fall back on changing the prediction, or pointing to some offsetting factor (seen only in hindsight) that temporarily delayed the prediction from coming true. ... one of Marx’s predictions, crucial to the inevitable workings of the road to socialism, was that the working class would suffer increasing poverty and immizeration. When the working classes, in contrast, obviously continued to gain spectacularly in living standards in the western world, Marxian apologists fell back on the assertion that Marx meant only poverty “relative to” the capitalist class. It is doubtful, however, whether bloody revolution will be waged by a proletariat for having only one yacht while capitalists have a dozen each.

*Classical Economics*, p. 371

There is no place in his system where Marx is fuzzier or shakier than at its base: the concept of historical materialism, the key to the inevitable dialectic of history.

At the base of historical materialism and of Marx’s view of history is the concept of the “material productive forces.” These “forces” are the driving power that creates all historical events and changes. So what are these “material productive forces”? This is never made clear. The best that can be said is that material productive forces mean “technological methods.”

*Classical Economics*, p. 372

... at the bottom of the base is technology which in turn constitutes or determines modes of production, which in turn determines relations of production, or institutions of law or property, and which finally in turn determine ideas, religious values, art, etc.

How, then, do historical changes take place in the Marxian schema? They can only take place in technological methods, since everything else in society is determined by the state of technology at any one time.

...

The first grave fallacy in this farrago is right at the beginning: Where does this technology come from? And how do technologies change or improve? Who puts them into effect? A key to the tissue of fallacies that constitute the Marxian system is that Marx never attempts to provide an answer. Indeed he cannot, since if he attributes the state of technology or technological change to the actions of man, of individual men, his whole system falls apart. For human consciousness, and individual consciousness at that, would then be determining material productive forces rather than the other way round ...

... technology must therefore be dropped from heaven ...

*Classical Economics*, p. 373

... Marx supplies, the motor of inevitable revolutions in history, is inherent class conflict, inherent struggles between economic classes.

*Classical Economics*, p. 376

... Marx's definition of class and class conflict under capitalism is hopelessly muddled and totally wrong.

*Classical Economics*, p. 382

... Marx is committed to the two-class model: capitalists vs. proletarians. ...

... Marx's two classes are far from monoliths ... it is impossible to analyze historical action by squeezing all human actors into two classes.

*Classical Economics*, pp. 383–84

... the iron law is crucial to Marx's entire system. For Marx, the value and price of every good is determined by its cost, i.e., the quantity of labor hours embodied in its production. Marx believed that, on the market, capitalists pay workers ... the cost, or the quantity of labor hours, needed to produce the laborers' means of subsistence.

... the average wage is always “the minimum wage, i.e., that quantum” of the means of subsistence [*Lebensmittel*], which is absolutely requisite [*notwendig*] to keep the laborer in bare existence as a laborer.

*Classical Economics*, p. 412

There are great problems in Marx’s model. His theory implies that, since profits are only derived from the exploitation of labor, profit rates are necessarily lower in heavily capitalized than in labor-intensive industries. But everyone, including Marx, is forced to acknowledge that this manifestly does not hold true on the market. The tendency on the market, as Smith and Ricardo well knew, is for rates of profit to tend toward equality in all industries. But how so, if profit rates are necessarily and systematically higher in the labor-intensive industries?

Here is surely the most glaring single hole in the Marxian model.

*Classical Economics*, p. 413

... the Marxian labor theory of value was indefensible. Most modern Marxist scholars hold the labor theory of value to be an embarrassment, and sophisticated Marxists have dropped it altogether, unfortunately without also giving up the system of which it is a crucial and necessary part.

... if there is no labor theory of value, then there is no surplus value, no exploitation and no reason for the proletariat to rebel against a world in which their product is not being systematically confiscated by the capitalist class.

*Classical Economics*, p. 416

... Marxists can only embrace reality by abandoning the Marxian system.

*Classical Economics*, p. 419

The increasing impoverishment of the working class is a key to the Marxian system, because on it rests the allegedly inevitable doom of capitalism and its replacement by the proletariat. If there is no increasing impoverishment, there is no reason for the working class

to react against their intensifying exploitation and burst asunder their “capitalist integument” ...

... if workers’ wages are already and at all times at the means of subsistence, kept there by the iron law, how can they get any worse off? They have been at maximum poverty level, so to speak, for a long time. But if for that reason they cannot get worse off, where is the dynamic that will lead them to rise up and overthrow the system?

*Classical Economics*, p. 423

If the capitalists suffer over time from a falling rate of profit, and workers suffer from increasing impoverishment, who is benefiting in the distribution of the economic pie? ... how can both mighty classes lose out under developing capitalism?

*Classical Economics*, p. 428

Karl Marx created what seems to the superficial observer to be an impressive, integrated system of thought, explaining the economy, world history, and even the workings of the universe. In reality, he created a veritable tissue of fallacies. Every single nodal point of the theory is wrong and fallacious, and its “integument” — to use a good Marxian term — is a web of fallacy as well. The Marxian system lies in absolute tatters and ruin; the “integument” of Marxian theory has “burst asunder” long before its predicted “bursting” of the capitalist system. Far from being a structure of “scientific” laws, furthermore, the jerry-built structure was constructed and shored up in desperate service to the fanatical and crazed messianic goal of destruction of the division of labor, and indeed of man’s very individuality, and to the apocalyptic creation of an allegedly inevitable collectivist world order, an atheized variant of a venerable Christian heresy.

*Classical Economics*, p. 433

Both Marxists and libertarians, in their very different and contrasting ways, believe that the inner contradictions of the existing system (in the former case of “capitalism,” in the latter of statism and state intervention) will lead inevitably to its long-run collapse.

... Marxism and libertarianism are both therefore highly optimistic creeds, at least in the long-run.

*Ethics of Liberty*, p. 268

The strategic possibility of a peaceful, democratic road to Marxism turns out to be virtually nil. And the real menace of Marxism is clearly not, the kind of route it adopts to try to gain power, whether violent or democratic: the real menace is the kind of State it imposes once it gets there.

*Libertarian Forum v. 1*, p. 417

Marxists and others who postulate a rigid stratification — a virtual caste structure in society — are in grave error. The same person can be at once a laborer, a landowner, and a capitalist, in the same period of time.

*Man, Economy, and State with Power and Market*, p. 415

... the Marxian-Stalinist future would not be a happy one ...

*Rothbard vs. the Philosophers*, p. 58

## MATERIAL GOODS

... all the services of factors of production, whether they be land, labor, or capital, are immaterial, even though they might result in a material product.

*Classical Economics*, p. 21

... all goods, including material ones, are productive and are valued precisely because they produce immaterial services.

*Classical Economics*, pp. 445–46

... economics does not deal with things or material objects. Economics analyzes the logical attributes and consequences of the existence of individual valuations. “Things” enter into the picture, of course, since there can be no valuation without things to be valued. But the essence and the driving force of human action,

and therefore of the human market economy, are the valuations of individuals.

*Economic Controversies*, p. 289

There is nothing in the natural law that demonstrates that a material good must always be used for one particular purpose rather than for another.

*Economic Thought Before Adam Smith*, p. 92

This consumers' good may be a material object like bread or an immaterial one like friendship. Its important quality is not whether it is material or not, but whether it is valued by man as a means of satisfying his wants. This function of a consumers' good is called its service in ministering to human wants. Thus, the material bread is valued not for itself, but for its service in satisfying wants; just as an immaterial thing, such as music or medical care, is obviously valued for such service. All these services are "consumed" to satisfy wants. "Economic" is by no means equivalent to "material."

*Man, Economy, and State with Power and Market*, p. 12

... what is significant for human action is not the physical property of a good, but the evaluation of the good by the actor.

*Man, Economy, and State with Power and Market*, p. 24

... the concept of a "good" refers to a thing the units of which the actor believes afford equal serviceability. It does not refer to the physical or chemical characteristics of the good.

*Man, Economy, and State with Power and Market*, p. 69

A man's ends may be "egoistic" or "altruistic," "refined" or "vulgar." They may emphasize the enjoyment of "material goods" and comforts, or they may stress the ascetic life. Economics is not concerned with their content, and its laws apply regardless of the nature of these ends.

*Man, Economy, and State with Power and Market*, p. 72

Economics, therefore, is not a science that deals particularly with “material goods” or “material welfare.” It deals in general with the action of men to satisfy their desires, and, specifically, with the process of exchange of goods as a means for each individual to “produce” satisfactions for his desires. These goods may be tangible commodities or they may be intangible personal services. The principles of supply and demand, of price determination, are exactly the same for any good ...

*Man, Economy, and State with Power and Market*, p. 162

... Many exchangeable goods are intangible services rather than tangible, “material” things.

*Man, Economy, and State with Power and Market*, p. 215n14

... it is not just the physical good that is being sold, but a whole bundle of services along with it ...

*Man, Economy, and State with Power and Market*, p. 935

... “immaterial” services to individuals abound in the market.

*Man, Economy, and State with Power and Market*, p. 1032

## MATHEMATICS

... much of reality and human action is simply not quantifiable ...

*Classical Economics*, p. 6

... the enormous number of imprecise, changing and quantitatively unknown determinants make the application of the mathematical method in economics impossible. ...

Mathematics, seemingly so precise, inevitably ends in reducing economics from the complete knowledge of general principles to arbitrary formulas which alter and distort the principles and hence corrupt the conclusions.

*Classical Economics*, p. 16

In the case of physical objects, such concepts as length or weight are measured by fixing an invariant physical measure, such as a



foot rule, and then comparing the length of other objects in question with such a rule. In human valuation, “measurement” is quite different; it is simply the expression of prices or relative purchasing powers of different goods in terms of one money, or medium of exchange. Here there is no physical operation such as measurement of physical objects.

*Classical Economics*, p. 114

... mathematics, in contrast to its use in the physical sciences, cannot yield new truths in economics ...

*Classical Economics*, p. 291

The very concept of measurement implies the necessity for an objective extensive unit to serve as a measure. ...

... mathematical equation implies the existence of quantities that can be equated, which in turn implies a unit of measurement for these quantities.

*Economic Controversies*, p. 12

... mathematics, and quantitative methods generally, are appropriate to the physical sciences where behavior is continuous and unmotivated; but that verbal logic, in contrast, is the appropriate method where one is studying the necessarily discrete, motivated, qualitative actions of men.

*Economic Controversies*, p. 27

Meanings are far better expressed verbally than in meaningless formal symbols.

*Economic Controversies*, p. 293

The mathematical representation of the calculus rests on the assumption of continuity, that is, infinitely small steps. In human action, however, there can be no infinitely small steps. Human action and the facts on which it is based must be in observable and discrete steps and not infinitely small ones. Representation of utility in the manner of the calculus is therefore illegitimate.

*Economic Controversies*, p. 300

Measurement, on any sensible definition, implies the possibility of a unique assignment of numbers which can be meaningfully subjected to all the operations of arithmetic. To accomplish this, it is necessary to define a fixed unit. In order to define such a unit, the property to be measured must be extensive in space, so that the unit can be objectively agreed upon by all. Therefore, subjective states, being intensive rather than objectively extensive, cannot be measured and subjected to arithmetical operations.

*Economic Controversies*, p. 310

... the use of mathematics necessarily leads the economist to distort reality by making the theory convenient for mathematical symbolism and manipulation. Mathematics takes over, and the reality of human action loses out.

*Economic Thought Before Adam Smith*, p. 380

... mathematical tools such as the calculus, which assumes smooth surfaces and infinitesimally small steps, is deeply flawed in dealing with much of the real world.

*Making Economic Sense*, pp. 26–27

... mathematics cannot contribute to economic knowledge.

*Man, Economy, and State with Power and Market*, p. liv

... human action must treat all matters only in terms of discrete steps. ... the mathematical concepts of continuity and the calculus are not applicable.

*Man, Economy, and State with Power and Market*, p. 130n27

In physics, the quantitative relationships, or laws, are constant; they are considered to be valid for any point in human history, past, present, or future. In the field of human action, there are no such quantitative constants. There are no constant relationships valid for different periods in human history. The only “natural laws” (if we may use such an old-fashioned but perfectly legitimate label for such constant regularities) in human action are qualitative rather than quantitative. They are, for example, precisely the

laws educed in praxeology and economics — the fact of action, the use of means to achieve ends, time preference, diminishing marginal utility, etc.

Mathematical equations, then, are appropriate and useful where there are constant quantitative relations among unmotivated variables. They are singularly inappropriate in praxeology and economics.

*Man, Economy, and State with Power and Market*, p. 324

... mathematics, particularly the calculus, rests in large part on assumptions of infinitely small steps. Such assumptions may be perfectly legitimate in a field where behavior of unmotivated matter is under study. But human action disregards infinitely small steps precisely because they are infinitely small and therefore have no relevance to human beings. Hence, the action under study in economics must always occur in finite, discrete steps. It is therefore incorrect to say that such an assumption may just as well be made in the study of human action as in the study of physical particles. In human action, we may describe such assumptions as being not simply unrealistic, but antirealistic.

*Man, Economy, and State with Power and Market*, p. 324n1

The use of the mathematical concept of “function” is particularly inappropriate in a science of human action.

*Man, Economy, and State with Power and Market*, p. 326

Mathematics, it must be realized, is only the servant of logic and reason, and not their master.

*Man, Economy, and State with Power and Market*, p. 327n5

... praxeology never establishes quantitative laws ...

*Man, Economy, and State with Power and Market*, p. 549

... economics analyzes real human action, and such real action must always be concerned with discrete, perceptible steps, and never with “infinitely small” steps.

*Man, Economy, and State*, p. 721

Mathematics can at best only translate our previous knowledge into relatively unintelligible form; or, usually, it will mislead the reader ...

*Man, Economy, and State*, p. 835

In fact, one lesson above all should be kept in mind when considering the claims of the various groups of mathematical economists: in human action there are no quantitative constants. As a necessary corollary, all praxeological-economic laws are qualitative, not quantitative.

*Man, Economy, and State with Power and Market*, p. 845

... the assertion of the mathematical economists that their task is made difficult by the existence of “many variables” in human action grossly understates the problem; for the point is that all the determinants are variables and that in contrast to the natural sciences there are no constants.

*Man, Economy, and State with Power and Market*, p. 845n59

... in human action there are no quantitative constants. Praxeological laws can be only qualitative in nature.

*Man, Economy, and State with Power and Market*, p. 855

... reliance on mathematics can at best only translate our previous knowledge into a relatively unintelligible form — or, at worst, it misleads the reader.

*Strictly Confidential*, p. 243

## MEDIA

... the federal government, as the licensor of the airwaves, asserts the right and the power to regulate the stations minutely and continuously. Thus, over the head of each station is the club of the threat of nonrenewal, or even suspension, of its license. In consequence, the idea of freedom of speech in radio and television is no more than a mockery.

*For a New Liberty*, p. 120

The solution for radio and television? Simple: Treat these media precisely the same way the press and book publishers are treated. For both the libertarian and the believer in the American Constitution the government should withdraw completely from any role or interference in all media of expression. In short, the federal government should denationalize the airwaves and give or sell the individual channels to private ownership. When private stations genuinely own their channels, they will be truly free and independent ...

*For a New Liberty*, p. 121

... intellectuals, academics, and the media are not motivated by truth alone.

*Irrepressible Rothbard*, p. 10

Big Media has become an excessively powerful and malignant force in American political life; and it is high time that its machinations are exposed to public view.

*Irrepressible Rothbard*, p. 87

There is no hope for any rational public policy in America so long as we continue to have rule-by-TV camera.

*Irrepressible Rothbard*, p. 195

... journalists and media people have generally become not objective reporters, but missionary zealots with their own ideological agenda and brainwashing the public.

*Irrepressible Rothbard*, pp. 387–88

Radio and television frequencies were, when first discovered, analogous to the opening up of a new Continent. They should have been allocated just as the land of the American Continent was in the main allocated: on the libertarian, homesteading principle of total private ownership to the first user. Radio and TV frequencies should be private just as land is private; only thus can the airwaves escape the blight of corporate-governmental monopoly. The homesteading principle applies equally to both cases.

*Libertarian Forum v. 1*, pp. 73, 76

If a TV station, whether regular or cable, emits frequencies on a certain channel at a certain place, then it should have the private “ownership” of the right to transmit signals on such frequencies. Anyone else trying to broadcast on the same channel at the same place should be dubbed an aggressor against the property right of the pre-existing TV station. ...

But even though every station should have the unimpeded right to transmit signals on any given channel or frequency, it should not be able to interfere with anyone’s right to receive signals. The station does not and cannot own the signal itself, only the right to transmit the signals.

*Libertarian Forum v. 2*, pp. 1123–24

## MENGER, CARL

... in contrast to Jevons and Walras, who believed that economic laws are hypotheses dealing with social quantities, Carl Menger and his followers held that economics investigates, not the quantities of phenomena, but the underlying essences of such real entities as value, profit, and the other economic categories. ...

Menger held, in contrast to Jevons and Walras, that economic laws as expressed in mathematical equations are only arbitrary statements; on the contrary, genuine economic laws are “exact,” in Menger’s terminology meaning fixed laws that describe sequences invariable to time and place. ...

... for Menger and the Austrians, economic laws are genetic and causal, proceeding from the utility and the action of the consumer to the market result.

*Economic Controversies*, pp. 157–58

The achievement of Carl Menger and the Austrians was not so much to found a totally new system on the framework of British classical political economy as to revive and elaborate upon the older tradition that had been shunted aside by the Classical School.

*Economic Controversies*, p. 160

... Austrian economics, from Menger on, indeed from Cantillon on, has concentrated not on equilibrium but on the process by which the market moves toward it. The real world, the day-to-day world of markets, is one where the market is always moving toward equilibrium but never attaining it, since the determinants of market activity: values, resources, technologies, knowledge, products, and so on, are always changing. The Austrians, therefore, concentrate on market processes rather than on the final equilibrium state.

*Economic Controversies*, p. 180

... Carl Menger's historical insight into the way in which money arose on the market was not simply a historical summary but a theoretical necessity.

*Economic Controversies*, p. 694

... father of the Austrian School ...

*Economic Thought Before Adam Smith*, p. 167

## MERCANTILISM

The essence of mercantilism was the granting or selling of monopolistic privilege and subsidy by the state to favored groups of businessmen.

*Conceived in Liberty v. 1*, p. 87; p. 77

Mercantilism, which reached its height in the Europe of the seventeenth and eighteenth centuries, was a system of statism which employed economic fallacy to build up a structure of imperial state power, as well as special subsidy and monopolistic privilege to individuals or groups favored by the state. Thus, mercantilism held that exports should be encouraged by the government and imports discouraged. Economically, this seems to be a tissue of fallacy; for what is the point of exports if not to purchase imports, and what is the point of piling up monetary bullion if the bullion is not used to purchase goods?

*Economic Controversies*, p. 641

Mercantilism was not only a policy of intricate government regulations; it was also a pre-Keynesian policy of inflation, of lowering interest rates artificially, and of increasing “effective demand” by heavy government spending and sponsorship of measures to increase the quantity of money.

*Economic Controversies*, p. 644

Far from being true friends of labor, the mercantilists were frankly interested in exploiting their labor to the utmost ...

*Economic Controversies*, p. 646

... mercantilism — the use of economic regulation and intervention by the State to create special privileges for a favored group of merchants or businessmen.

*Economic Controversies*, p. 717

“Mercantilism” is the name given by late nineteenth century historians to the politico-economic system of the absolute state ... it was a comprehensive system of state-building, state privilege, and what might be called “state monopoly capitalism.”

*Economic Thought Before Adam Smith*, p. 213

The system of mercantilism needed no high-flown “theory” to get launched. It came naturally to the ruling castes of the burgeoning nation-states. ...

... Mercantilist “theory” was a set of rationales designed to uphold or expand particular vested economic interests.

*Economic Thought Before Adam Smith*, p. 235

... “mercantilism,” the economic system of Western Europe from the sixteenth through the eighteenth centuries, was a system of Big Government, of high taxes, large bureaucracy, and massive controls of trade and industry. But what we tend to ignore is that the point of many of these controls was to tax and restrict consumers and most merchants and manufacturers in order to grant monopolies, cartels, and subsidies to favored groups.

*Making Economic Sense*, p. 189



## METHODOLOGY

... unlike the physical sciences, the assumptions of economics are not tentative hypotheses which, or the deductions from which, must be tested by fact; on the contrary, each step of the logical chain rests on definitely true, not “hypothetical,” general facts.

*Classical Economics*, p. 13

... people and inanimate objects are crucially different: stones or atoms don't have values or make choices, whereas people inherently evaluate and choose. Still, it would be perfectly possible for economists to confine themselves to analyzing the consequences of such values and choices, provided they took no stand on public policy. But economists burn to take such stands; in fact, interest in policy is generally the main motivation for embarking on a study of economics in the first place.

*Classical Economics*, p. 56

Quantity is uniformly the object of investigation in the hard, physical sciences ... quantity is precisely the proper concept for dealing with stones or atoms; for these entities do not possess consciousness, do not value and do not choose; therefore their movements can be and should be charted with quantitative precision. But individual human beings, on the contrary, are conscious, and do adopt values and act on them. People are not unmotivated objects always describing a quantitative path. People are qualitative, that is, they respond to qualitative differences, and they value and choose on that basis. To reduce quality to quantity, therefore, gravely distorts the actual nature of human beings and of human action, and by distorting reality, proves to be the reverse of the truly scientific.

*Classical Economics*, p. 58

... the economist uses mental experiments as replacements for laboratory experiments of the physical scientist ... deduced economic laws are “tendency,” or “if-then” laws ... they are necessarily qualitative and not quantitative, and therefore cannot admit of mathematical or statistical expression.

*Classical Economics*, p. 290

... true science decrees determinism for physical nature and free will for man, and for the same reason: that every thing must act in accordance with its specific nature. And since men are free to adopt ideas and to act upon them, it is never events or stimuli external to the mind that cause its ideas.

*Economic Controversies*, p. 8

... differences between the nature of human action and the behavior of unmotivated physical objects require different methodologies of scientific study.

*Economic Controversies*, p. 25

Since the relevant variables of the social world cannot actually be held constant, the economist holds them constant in his imagination. Using the tool of verbal logic, he mentally investigates the causal influence of one variable on another. ... In short, economics arrives at *ceteris paribus* laws

*Economic Controversies*, p. 36

Only an individual has a mind; only an individual can feel, see, sense, and perceive; only an individual can adopt values or make choices; only an individual can act. This primordial principle of “methodological individualism” ...

*Economic Controversies*, p. 54

Since human beings cannot be “held constant,” the praxeologist does so in “thought experiments,” by means of the famed *ceteris paribus* clause. It is through such reasoning that the economic theorist concludes, for example, that an increase in the supply of money, the demand for money being held constant, will be bound to lower the value (purchasing power) of the monetary unit. In short, the economic theorist postulates an equilibrium, then mentally changes one variable, say the supply of money, keeps all other relevant variables constant, and examines the effect on prices in general. Refusing to employ equilibrium concepts is necessarily destructive of all economic theory or economic law.

*Ceteris paribus* constructions can and do embody reality and economic truth even if the specific constructions are not “realistic” in the sense that they are not happening at that particular moment in time. These theories and laws are realistic because they are deduced from the fundamental and absolutely true axiom of human action, that people continually act by employing means to try to achieve goals.

*Economic Controversies*, p. 181

Human life is not a laboratory, where all variables can be kept fixed by the experimenter, who can then vary one in order to determine its effects. In human life, all factors, including human action, are variable, and nothing remains constant. But the theorist can analyze cause-and-effect relations by substituting mental abstractions for laboratory experiment. He can hold variables fixed mentally (the method of assuming “all other things equal”) and then reason out the effects of allowing one variable to change. By starting with simple “models” and introducing successive complications as the simpler ones are analyzed, the economist can at last discover the nature and operations of the market economy in the real world. Thus the economist can validly conclude from his analysis that “All other things equal (*ceteris paribus*), an increase in demand will raise price.”

*Economic Thought Before Adam Smith*, p. 348

## MILITARY

... the military-industrial complex means an enormous diversion of resources, of capital, technology, and of scientists and engineers, from productive uses to the overkill waste of the military machine.

*Economic Controversies*, p. 663

... militarism and statism are relics and throwbacks of the past ...

*Economic Controversies*, p. 667

The military should be considered like any other business, organization, or service; its decisions should be based on what’s best for the military, and “rights” have nothing to do with such decisions.

The military's long-standing ban on gays in the military has nothing to do with "rights" or even "homophobia"; rather it is the result of long experience as well as common sense. The military is not like any civilian organization. Not only are its men in combat situations (which it partially shares with civilian outfits like the police) but the military commander has virtual total control over his subordinate's person and life, especially in combat situations. In such situations, open homosexuals could engage in favoritism toward loved ones, and engage in sexual exploitation and abuse of subordinates under their command. Add the discomfort of many in close and intimate situations, and you get destruction of the morale and efficiency of combat units.

... The military doesn't naïvely assume that there are no gays in the army or navy now. On the other hand, it has no intention of going on a "witch hunt" to try to ferret out secret gays. The whole point is that, with gays necessarily in the closet, the problem of favoritism, sexual abuse, etc., is greatly minimized. Allow open gaydom in the military, however, and the problems, and the suffering of morale, will escalate.

The same strictures apply *a fortiori* to women in the military, especially to integrated close-contact and intimate units such as exist in combat.

*Irrepressible Rothbard*, pp. 27–28

I am no great fan of militarism, but if the military is to have any role at all — it's got to be really military; tough, purposive, disciplined ...

*Irrepressible Rothbard*, p. 194

... more military means less for the private economy ... the armed forces are a derivative, a dependent upon a strong and healthy civilian economy.

*Science, Technology, and Government*, p. 21

... government, even in the military sphere, should function only as a consumer rather than a producer, purchasing equipment and research produced by private firms.

*Science, Technology, and Government*, p. 22

... government has tended to create its own shortage of scientists working on military projects.

*Science, Technology, and Government*, p. 33

## MILL, JOHN STUART

Was Mill a *laissez-faire* liberal? A socialist? A romantic? A classicist? A civil libertarian? A believer in state-coerced morality? The answer is yes, every time. There is endless fodder for dispute because, in his long and prolific life, Mill was all of these and none, an ever-changing kaleidoscope of alteration, transformation and contradiction.

*Classical Economics*, p. 277

... Mill was unusual in possessing a graceful and lucid style that served to mask the vast muddle of his intellectual furniture.

*Classical Economics*, p. 278

... reestablish[ed] Ricardianism on the throne of British economics ...

*Classical Economics*, p. 278

... Mill introduced into economics, and managed to make dominant, the unfortunate hypothetical methodology of positivism ...

*Classical Economics*, p. 280

Mill's most conspicuous defection from classical political economy in general, and from Ricardianism in particular, was his numerous concessions to socialism and his apostasy from *laissez-faire*. ... while the classical economists were not hardcore free market men, they at least tended strongly in that direction; if not a principle, *laissez-faire* was for them at least a guide or tendency to which they could at least partially orient their position. But Mill sharply broke with all that. Steeped in a high moral tone at all times, Mill originated the unfortunate intellectual tradition of conceding that socialism and indeed communism was the "ideal" social system, and then drawing back by lamenting that it probably could not be

attained in this cruel practical world. Pro-capitalists who begin by conceding the moral ground to their opponents are bound to lose the long-run war, if not the short-run battle, to socialism.

*Classical Economics*, p. 281

... Mill gave birth to the calamitous and still prevalent notion that distribution can be changed virtually at will through tax, subsidy or other statist schemes, while the market would still continue to function and produce undisturbed.

*Classical Economics*, p. 282

... the labor theory/cost-of-production theory of value was restored to a dominant place in classical economics [by Mill] ...

*Classical Economics*, p. 282

... Mill stood squarely in the Ricardian tradition in fervent opposition to irredeemable paper money.

*Classical Economics*, p. 285

Rather than abandon the empire, as his father and other liberals had urged, John Stuart Mill called for its expansion.

*Classical Economics*, p. 287

... John Stuart Mill lent his great prestige to the notion that capitalism economically requires empire in order to invest, to get rid of, allegedly surplus savings or capital. In short, Mill was one of the ultimate founders of the Leninist theory of imperialism.

*Classical Economics*, p. 288

For three decades, Mill and his *Principles* bestrode British economics like a colossus ... Mill had managed to fasten upon Great Britain: a watered-down labor or at least cost-of-production theory of value; a muddled positivist method that gave hostage to inductivist or even organicist critics; a devotion to the gold standard offset by an inflationist, banking school theory of crises and cycles and of gold production, and an adherence to the *status quo* of inflationist Bank of England control and manipulation of the British monetary system. In fact, in every area, John Stuart

Mill reimposed the system of Ricardo and his father, but in a far more muddled and diluted manner. In public policy, too, the old Ricardian devotion to *laissez-faire* was replaced by a vague free market presumption to which Mill and his followers were always willing to make extensive exceptions ...

*Classical Economics*, p. 293

John Stuart Mill's conquest of British economics by his 1848 treatise, *The Principles of Political Economy*, succeeded in imposing a miasma upon British economics for at least a quarter-century. In some respects, indeed, the subjectivist (or, in its trivialized label, the "marginalist") revolution against Mill, led abortively by Jevons in the 1870s, never really took hold in Great Britain. The Millian miasma imposed a vague and incoherent adhesion to the labor theory, or at best the cost-of-production theory, of value; to the methodology of positivism, tempered by a confused inductivism; to individualism, muddled by organicism; to a vague, tentative preference for the free market easily overridden by almost any objection, in particular the alleged ability of labor unions to win general wage increases as well as the supposed moral superiority of socialism. Politically, in short, Mill was cleverly positioned to be the patron saint of *laissez-faire* as well of virtually any and all attacks against it — in short, to be the philosopher of the British *status quo* as it existed or as it might become. At the same time, Mill became the modern liberal intellectual's favorite straw-man champion of *laissez-faire*, ever ready to make the most damaging concessions to his modern liberal opponents.

*Classical Economics*, p. 441

It is difficult to think of anyone in the history of thought who has been more egregiously and systematically overestimated, as an economist, as a political philosopher, as an overall thinker, or as a man, than John Stuart Mill.

*Classical Economics*, p. 491

... to [Mill], "monopoly" — the opposite of competition — was artificial grants of exclusive privilege.

*Strictly Confidential*, p. 309

## MINIMUM WAGE

Minimum wage laws tragically generate unemployment, especially so among the poorest and least skilled or educated workers ... a minimum wage, of course, does not guarantee any worker's employment; it only prohibits, by force of law, anyone from being employed at the wage which would pay his employer to hire him. It therefore compels unemployment.

*For a New Liberty*, p. 196

In truth, there is only one way to regard a minimum wage law: it is compulsory unemployment, period. The law says: it is illegal, and therefore criminal, for anyone to hire anyone else below the level of X dollars an hour. This means, plainly and simply, that a large number of free and voluntary wage contracts are now outlawed and hence that there will be a large amount of unemployment. Remember that the minimum wage law provides no jobs; it only outlaws them; and outlawed jobs are the inevitable result.

... laws that prohibit employment at any wage that is relevant to the market (a minimum wage of 10 cents an hour would have little or no impact) must result in outlawing employment and hence causing unemployment.

... the people who will be disemployed and devastated by this prohibition will be precisely the "marginal" (lowest wage) workers, e.g., blacks and teenagers, the very workers whom the advocates of the minimum wage are claiming to foster and protect.

*Making Economic Sense*, p. 134

When a minimum wage law is effective, i.e., where it imposes a wage above the market value of a grade of labor (above the laborer's discounted marginal value product), the supply of labor services exceeds the demand, and the "unsold surplus" of labor services means involuntary mass unemployment.

*Man, Economy, and State with Power and Market*, p. 897

Compulsory unemployment is achieved indirectly through minimum wage laws. On the free market, everyone's wage tends to be set at his discounted marginal value productivity. A minimum



wage law means that those whose DMVP is below the legal minimum are prevented from working. The worker was willing to take the job, and the employer to hire him. But the decree of the State prevents this hiring from taking place. Compulsory unemployment thus removes the competition of marginal workers and raises the wage rates of the other workers remaining. Thus, while the announced aim of a minimum wage law is to improve the incomes of the marginal workers, the actual effect is precisely the reverse — it is to render them unemployable at legal wage rates. The higher the minimum wage rate relative to free-market rates, the greater the resulting unemployment.

*Man, Economy, and State with Power and Market*, p. 1114

## MISES, LUDWIG VON

The monetary theory holds that money and credit-expansion, launched by the banking system, causes booms and busts. This doctrine was first advanced, in rudimentary form, by the Currency School of British classical economists in the early nineteenth century, and then fully developed by Ludwig von Mises and his followers in the twentieth.

*America's Great Depression*, p. xxxviii

... the Mises theory of the trade cycle is not just another theory ... it meshes closely with a general theory of the economic system. The Mises theory is, in fact, the economic analysis of the necessary consequences of intervention in the free market by bank credit expansion. ... Since the Mises theory is the only one that stems from a general economic theory, it is the only one that can provide a correct explanation.

*America's Great Depression*, p. 4

Professor Mises, while recognizing the superior economic merits of 100 percent gold money to free banking, prefers the latter because 100 percent reserves would concede to the government control over banking ...

*America's Great Depression*, p. 27

... the Mises theory for the first time succeeds in integrating the theory of the business cycle into the whole structural design of economic theory.

*America's Great Depression*, p. 33

The most distinguished of *laissez-faire* economists, Ludwig von Mises, who had been in the front rank of the economic world on the Continent during the teens and twenties, had been largely forgotten in the wake of the "Keynesian Revolution" of the late 1930s.

*Betrayal of the American Right*, p. 61

... my mentor Ludwig von Mises.

*Betrayal of the American Right*, p. 183

Professor Mises, working within a Kantian philosophical framework, maintained that like the "laws of thought," the [action] axiom is *a priori* to human experience and hence apodictically certain.

*Economic Controversies*, p. 33

Whether we consider the Action Axiom "a priori" or "empirical" depends on our ultimate philosophical position. Professor Mises, in the neo-Kantian tradition, considers this axiom a law of thought and therefore a categorical truth *a priori* to all experience. ... I would interpret the proposition differently. I would consider the axiom a law of reality rather than a law of thought, and hence "empirical" rather than "a priori."

*Economic Controversies*, p. 108

... Professor Mises is an uncompromising champion of *Wertfreiheit* not only in economics, but also for all the sciences.

*Economic Controversies*, p. 110

The only sense in which Mises considers liberalism as "scientific" is to the extent that people unite on the goal of abundance and mutual benefit.

*Economic Controversies*, p. 111

... the Mises-Hayek business-cycle theory [was] dominant before Keynes's *General Theory* ...

*Economic Controversies*, p. 131

... the most faithful student of the three [Marginalist] pioneers ...

*Economic Controversies*, p. 158

... Mises helped to purge economics of continuing vestiges of faulty objective value theories ...

*Economic Controversies*, p. 171

It is impossible to engage in economic theorizing without employing what Mises called “imaginary constructions” or “thought experiments” (*Gedankenexperimenten*) which function as the praxeologist's unique substitute for the laboratory experiments of the physical sciences.

*Economic Controversies*, p. 181

It is now universally acknowledged that Ludwig von Mises, allegedly the loser in the famous socialist calculation debate that he launched in 1920, was really right: clearly, socialism cannot calculate, it cannot run a complex modern economic system.

*Economic Controversies*, p. 186

... to Mises, the problem for the Planning Board is not knowledge but calculability.

*Economic Controversies*, p. 187

... Mises was urgently concerned to have everyone grasp and understand the remote and unseen consequences of their actions ...

*Economic Controversies*, p. 203

Mises integrated monetary theory, and the theory of the value of money, into micro marginal utility, as well as supply and demand

theory. ... Mises then built upon that monetary theory in forging his masterful theory of the business cycle.

*Economic Controversies*, pp. 204–05

... Mises demonstrated that, given the existence of money in the economy, every supply of money is optimal.

*Economic Controversies*, p. 208

... was unfailingly charming and devoted to spurring productivity among his students.

*Economic Controversies*, pp. 219–20

... while Ludwig von Mises was acknowledged as one of Europe's most eminent economists in the 1920s and 30s, the language barrier shut off any recognition of Mises in the Anglo-American world until the mid-1930s; then, just as his business cycle theory was beginning to achieve renown as an explanation for the Great Depression, Mises's overdue recognition was lost in the hoopla of the Keynesian Revolution. A refugee deprived of his academic or social base in Europe, Mises emigrated to the United States at the mercy of his new-found environment. But while, in the climate of the day, the leftist and socialist refugees from Europe were cultivated, feted, and given prestigious academic posts, a different fate was meted out to a man who embodied a methodological and political individualism that was anathema to American academia. Indeed, the fact that a man of Mises's eminence was not offered a single regular academic post and that he was never able to teach in a prestigious graduate department in this country is one of the most shameful blots on the none too illustrious history of American higher education. The fact that Mises himself was able to preserve his great energy, his remarkable productivity, and his unfailing gentleness and good humor in the face of this shabby treatment is simply one more tribute to the qualities of this remarkable man ...

... Ludwig von Mises's writings are the embodiment of a courageous and eminent man hewing to his discipline and to his vision, unheeding of shabby maltreatment.

*Economic Controversies*, p. 232

... Ludwig von Mises offers to us nothing less than the complete and developed correct paradigm of a science that has gone tragically astray over the last half-century. Mises's work presents us with the correct and radically divergent alternative to the flaws, errors, and fallacies which a growing number of students are sensing in present-day economic orthodoxy.

*Economic Controversies*, p. 232

Mises's economic system — as set forth particularly in his *Human Action* — grounds economics squarely upon the axiom of action: on an analysis of the primordial truth that individual men exist and act, that is, make purposive choices among alternatives. Upon this simple and evident axiom of action, Ludwig von Mises deduces the entire systematic edifice of economic theory, an edifice that is as true as the basic axiom and the fundamental laws of logic. The entire theory is the working out of methodological individualism in economics, the nature and consequences of the choices and exchanges of individuals. Mises's uncompromising devotion to the free market, his opposition to every form of statism, stems from his analysis of the nature and consequences of individuals acting freely on the one hand, as against governmental coercive interference or planning on the other. For, basing himself on the action axiom, Mises is able to show the happy consequences of freedom and the free market in social efficiency, prosperity, and development, as against the disastrous consequences of government intervention in poverty, war, social chaos, and retrogression. This political consequence alone, of course, makes the methodology as well as the conclusions of Misesian economics anathema to modern social science.

*Economic Controversies*, p. 233

Perhaps the most important single contribution of von Mises to the economics of intervention is also the one most grievously neglected in the present day: his analysis of money and business cycles.

*Economic Controversies*, p. 235

Mises's brilliant theory of the business cycle is the only such theory to be integrated with the economists' general analysis of the pricing system and of capital and interest.

*Economic Controversies*, p. 236

Mises was hailed even by socialists for being the first to raise the whole problem of rational calculation of prices in a socialist economy ...

*Economic Controversies*, p. 238

Mises, almost singlehandedly, has offered us the correct paradigm for economic theory, for social science, and for the economy itself, and it is high time that this paradigm be embraced, in all of its parts. ...

Thanks in no small measure to the life and work of Ludwig von Mises, we can realistically hope and expect that mankind will choose the path of life, liberty, and progress and will at last turn decisively away from death and despotism.

*Economic Controversies*, p. 239

Mises conceives of the entrepreneur as the uncertainty-bearer, who receives profits to the degree that he can successfully forecast the future, and suffers losses to the extent that his forecasting goes awry.

*Economic Controversies*, p. 281

The clearest and most thorough formulation of the concept [demonstrated preferences] has been the works of Professor Mises.

*Economic Controversies*, p. 290

Mises [did not believe] that the State could or should be abolished; instead, he believed that the world should be preponderantly a product of contractual relations.

*Economic Controversies*, p. 461n18

... by far the most thoughtful and systematic of free-market economists ...

*Economic Controversies*, p. 490n72

... Mises proved that a socialist system cannot calculate economically, because it doesn't have a price system for capital goods, and therefore socialism will not be able to run an industrial system.

*Economic Controversies*, p. 678

Mises arrived implicitly at a falling demand curve for money in relation to the purchasing power of the currency unit. The purchasing power of the money unit, which Mises also termed the "objective exchange-value" of money, was then determined, as in the usual supply-and-demand analysis, by the intersection of the money stock and the demand for cash balance schedule. We can see this visually by putting the purchasing power of the money unit on the y-axis and the quantity of money on the x-axis of the conventional two-dimensional diagram corresponding to the price of any good and its quantity. ...

While, for purposes of convenience, Mises's analysis may be expressed in the usual supply-and-demand diagram with the purchasing power of the money unit serving as the price of money, relying solely on such a simplified diagram falsifies the theory.

*Economic Controversies*, p. 686

... Mises showed that an increased supply of money impinges differently upon different spheres of the market and thereby ineluctably changes relative prices.

*Economic Controversies*, p. 688

... Mises developed the Ricardian analysis into what was to be called the purchasing-power-parity theory of exchange rates ...

*Economic Controversies*, p. 691

When he set out to apply the theory of marginal utility to the price of money, Mises confronted the problem that was later to be called "the Austrian circle." ...

Mises, however, succeeded in solving this problem in 1912 in developing his so-called regression theorem.

*Economic Controversies*, pp. 692–93

Not only does the Mises regression theorem fully explain the current demand for money and integrate the theory of money with the theory of marginal utility, but it also shows that money must have originated in this fashion — on the market — with individuals on the market gradually beginning to use some previously valuable commodity as a medium of exchange. ... Mises demonstrated that Carl Menger's historical insight into the way in which money arose on the market was not simply a historical summary but a theoretical necessity.

*Economic Controversies*, p. 694

In *Human Action*, Mises advanced the Austrian theory of money by delivering a shattering blow to the very concept of Walrasian general equilibrium. ...

The very notion of a Walrasian general equilibrium is not simply totally unrealistic, it is conceptually impossible, since money and monetary exchange cannot be sustained in that kind of system. Another corollary contribution of Mises in this analysis was to demonstrate that, far from being only one of many "motives" for holding cash balances, uncertainty is crucial to the holding of any cash at all.

*Economic Controversies*, pp. 697–98

... Mises has demonstrated that money can only originate ... as a commodity on the free market — and that it cannot originate by government fiat.

*Economic Controversies*, p. 710n1

Ludwig von Mises first raised the question of socialist economic calculation in 1920 by asserting that socialism could not calculate economically because of the absence of a price system for the factors of production.

*Economic Controversies*, p. 815

Mises in effect said: All right, suppose that the socialists have been able to create a mighty army of citizens all eager to do the bidding of their masters, the socialist planners. What exactly would those



planners tell this army to do? How would they know what products to order their eager slaves to produce, at what stage of production, how much of the product at each stage, what techniques or raw materials to use in that production and how much of each, and where specifically to locate all this production? How would they know their costs, or what process of production is or is not efficient?

Mises demonstrated that, in any economy more complex than the Crusoe or primitive family level, the socialist planning board would simply not know what to do, or how to answer any of these vital questions. Developing the momentous concept of calculation, Mises pointed out that the planning board could not answer these questions ...

*Economic Controversies*, pp. 828–29

Mises records that his position on socialist calculation emerged out of his first great work, *The Theory of Money and Credit* (1912). ...

For Mises, then, his work on socialist calculation was part and parcel of his expanded integration of direct and monetary exchange, of “micro” and “macro,” that he had begun but not yet completed in *The Theory of Money and Credit*.

*Economic Controversies*, pp. 844–45

... to Mises the central problem is not “knowledge.” He explicitly points out that even if the socialist planners knew perfectly, and eagerly wished to satisfy, the value priorities of the consumers, and even if the planners enjoyed a perfect knowledge of all resources and all technologies, they still would not be able to calculate, for lack of a price system of the means of production. The problem is not knowledge, then, but calculability.

*Economic Controversies*, p. 846

... the founder of praxeological economics and champion of *laissez-faire*.

*Economic Controversies*, p. 926

The correct and fully developed theory of the business cycle was finally discovered and set forth by the Austrian economist Ludwig von Mises ...

*Economic Depressions: Their Cause and Cure*, p. 29

Ludwig von Mises, alone armed with a correct theory of the business cycle, was one of the very few economists to predict the Great Depression, and hence the economic world was forced to listen to him with respect.

*Economic Depressions: Their Cause and Cure*, p. 43

It is not that Misesian theory was refuted successfully; it was just forgotten in the rush to climb on the suddenly fashionable Keynesian bandwagon.

*Economic Depressions: Their Cause and Cure*, p. 44

... my immense debt to Ludwig von Mises for providing a mighty edifice of economic theory, as well as for his teaching, his friendship, and for the inspiring example of his life.

*Economic Thought Before Adam Smith*, p. xv

Ludwig von Mises exposed the total inability of a planned, moneyless economy to operate above the most primitive level.

*Egalitarianism as a Revolt Against Nature*, p. 201

Indeed, for someone who thought that he had absorbed all of Mises's work many years ago, it is a constant source of surprise how rereading Mises continues to provide a source of fresh insights and of new ways of looking at seemingly trite situations. ... Ludwig von Mises remains more truly alive than most of our conventionally wise contemporaries.

*Egalitarianism as a Revolt Against Nature*, pp. 302–02

... he was, of all the economists in the twentieth century, at one and the same time the most uncompromising and passionate adherent of *laissez-faire* ...

*Ethics of Liberty*, p. 206

No economist has done more than Ludwig von Mises to elucidate the universality of time-preference in human affairs — the praxeological law that everyone prefers to attain a given satisfaction sooner than later.

*Ethics of Liberty*, p. 209

... Mises, along with most economists, was indeed a utilitarian in ethics, although a Kantian in epistemology ...

*Ethics of Liberty*, p. 210

... Mises, not only as a praxeologist but also as a utilitarian liberal, could have no word of criticism against these statist measures once the majority of the public have taken their praxeological consequences into account and choose them anyway on behalf of goals other than wealth and prosperity.

*Ethics of Liberty*, p. 213

... neither praxeological economics nor Mises's utilitarian liberalism is sufficient to make the case for *laissez-faire* and the free-market economy. To make such a case, one must go beyond economics and utilitarianism to establish an objective ethics that affirms the overriding value of liberty and morally condemns all forms of statism ...

*Ethics of Liberty*, p. 214

Mises begins as did the Ricardians: government and its central bank stimulate bank credit expansion by purchasing assets and thereby increasing bank reserves. The banks proceed to expand credit and hence the nation's money supply in the form of checking deposits (private bank notes having virtually disappeared). As with the Ricardians, Mises sees that this expansion of bank money drives up prices and causes inflation.

But, as Mises pointed out, the Ricardians understated the unfortunate consequences of bank credit inflation. For something even more sinister is at work. Bank credit expansion not only raises prices, it also artificially lowers the rate of interest, and thereby

sends misleading signals to businessmen, causing them to make unsound and uneconomic investments.

*For a New Liberty*, p. 233

... as Ludwig von Mises and other economists have shown, in an industrial economy statism simply does not work.

*For a New Liberty*, p. 395

The right of secession, if fearlessly upheld, implies also the right of one or more villages to secede even from its own ethnic nation, or, even, as Ludwig von Mises affirmed in his *Nation, State, and Economy*, the right of secession by each individual.

*Irrepressible Rothbard*, p. 231

... the preeminent theorist of our time.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 4

In his early years at the university, he was a left-liberal and interventionist, although he quickly rejected Marxism.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 5

In the course of his writings, Mises became convinced that ... bank credit should not be “elastic” ...

*Ludwig von Mises: Scholar, Creator, Hero*, p. 9

[*The Theory of Money and Credit*] was a remarkable achievement, because for the first time, the micro/macro split that had begun in English classical economics with Ricardo was now healed. At long last, economics was whole, an integral science based on a logical, step-by-step analysis of individual human action. Money was fully integrated into an analysis of individual action and of the market economy.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 10

Returning to the Ricardian-Currency School tradition, [Mises] demonstrated that they were correct in wishing to abolish inflationary fractional-reserve credit. ... inflation. Mises therefore

favored the Currency School approach of 100% specie reserves to demand liabilities.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 14

During the 1920s, Mises formulated his business cycle theory out of three pre-existing elements: the Currency School boom-bust model of the business cycle; the Swedish “Austrian” Knut Wicksell’s differentiation between the “natural” and the bank interest rates; and Böhm-Bawerkian capital and interest theory. Mises’s remarkable integration of these previously totally separate analyses showed that inflationary or created bank credit, by pumping in more money into the economy and by lowering interest rates on business loans below the free market, time preference level, inevitably caused an excess of malinvestments in capital goods industries remote from the consumer. The longer the boom of inflationary bank credit continues, the greater the scope of malinvestments in capital goods, and the greater the need for liquidation of these unsound investments. ... Mises demonstrated that the recession, far from being a strange, unexplainable aberration to be combated, is really a necessary process by which the market economy liquidates the unsound investments of the boom, and returns to the right consumption/investment proportions to satisfy consumers in the most efficient way.

*Ludwig von Mises: Scholar, Creator, Hero*, pp. 15–16

Agree with him or not, Ludwig von Mises was clearly a major innovative economist ...

*Ludwig von Mises: Scholar, Creator, Hero*, p. 18

... his seminal journal article in 1920 on the impossibility of economic calculation under socialism was the most important theoretical critique ever leveled at socialism.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 19

... he was an unreconstructed *laissez-faire* liberal ... he was personally intransigent and unwilling ever to compromise his principles.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 20

Mises succeeded in stopping Bolshevism in Austria ...

... It was because of Mises and Rosenberg that Austria did not go the whole way of the disastrous runaway inflation that would ravage Germany in 1923. Yet Mises and Rosenberg only succeeded in slowing down and delaying the effects of inflation rather than eliminating it.

*Ludwig von Mises: Scholar, Creator, Hero*, pp. 24–25

Mises was often accused of being intransigent and uncompromising.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 26

Mises's book *Socialism* had an enormous influence during the 1920s and 1930s, not only in raising profound questions of socialists, but also in converting countless young socialist intellectuals to the cause of freedom and free markets.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 30

Mises arrived at a general law that, whenever the government intervened in the economy to solve a problem, it invariably ended, not only in not solving the original problem, but also creating one or two others, each of which then seemed to cry out for further government intervention. In this way, he showed government interventionism, or a “mixed economy,” to be unstable. Each intervention only creates new problems, which then face the government with a choice: either repeal the original intervention, or go on to new ones. In this way, government intervention is an unstable system, leading logically either back to *laissez-faire* or on to full socialism. But Mises knew from his study into socialism that a socialist system was “impossible” for the modern world: that is, it was lacking the price system necessary to economic calculation, and therefore for running a modern industrial economy. But if interventionism is unstable, and socialism is impossible, then the only logical economic policy for a modern industrial system was *laissez-faire* liberalism.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 31

In his critique of logical positivism, Mises saw that a philosophy that treated people as if they were stones and atoms, whose behavior could be predicted and determined according to quantitative laws, was particularly likely to lead to the viewpoint of social engineers, who deal with people as if they were inanimate physical objects.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 35

... it remains an ineradicable blot on the record of American academia that Mises was never able to find a paid, full-time post in any American university.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 47

... one of the great minds of the twentieth century ...

*Ludwig von Mises: Scholar, Creator, Hero*, p. 47

Mises was infinitely patient and kind ...

*Ludwig von Mises: Scholar, Creator, Hero*, p. 50

*Human Action* is it: Mises's greatest achievement and one of the finest products of the human mind in our century. It is economics made whole, based on the methodology of praxeology that Mises himself had developed, and grounded in the ineluctable and fundamental axiom that human beings exist, and that they act in the world, using means to try to achieve their most valued goals. Mises constructs the entire edifice of correct economic theory as the logical implications of the primordial fact of individual human action. It was a remarkable achievement, and provided a way out for the discipline of economics ...

*Ludwig von Mises: Scholar, Creator, Hero*, p. 51

*Human Action* was indeed about everything. The book was a revelation to those of us drenched in modern economics; it solved all problems and inconsistencies that I had sensed in economic theory, and it provided an entirely new and superb structure of correct economic methodology and theory. Furthermore, it provided eager libertarians with a policy of uncompromising *laissez-faire*;

in contrast to all other free-market economists of that day or later, there were no escape hatches, no giving the case away with “of course, the government must break up monopolies,” or “of course, the government must provide and regulate the money supply.”

*Ludwig von Mises: Scholar, Creator, Hero, p. 52*

In all matters, from theoretical to political, Mises was the soul of rigor and consistency. Never would Mises compromise his principles, never would he bow the knee to a quest for respectability or social or political favor. As a scholar, as an economist, and as a person, Ludwig von Mises was a joy and an inspiration, an exemplar for us all.

*Ludwig von Mises: Scholar, Creator, Hero, p. 52*

*Theory and History*, his philosophical masterpiece ... *Theory and History* was, understandably, Mises’s favorite next to *Human Action*.

*Ludwig von Mises: Scholar, Creator, Hero, p. 53*

Ludwig von Mises, one of the giants of our century ...

*Ludwig von Mises: Scholar, Creator, Hero, p. 55*

Friedrich A. Hayek received the Nobel Prize in Economics, not for his later philosophical meanderings and lucubrations, but precisely and explicitly for the work he did, in the 1920s and 1930s, as an ardent Misesian, in elaborating Mises’s theory of business cycles. Ironical because if anyone deserved the Nobel Prize more than Hayek, it was clearly his mentor, Ludwig von Mises.

*Ludwig von Mises: Scholar, Creator, Hero, p. 55*

Who was Mises the Man? Since his death, some of his most beloved students of the 1920s, particularly F.A. Hayek, have disseminated the view that Mises was “difficult,” “stern,” “severe,” not personally close to his students, and even “personally obnoxious.” These strictures were either given to interviewers, or inserted as barbs in the midst of an effusion of praise for Mises. But is this the sort of teacher who all of his life had gathered around him enthusiastic



admirers and followers? Certainly, I can testify that all his American followers were steeped, not only in admiration for the greatness and rigor of his intellect and creative powers, and for his indomitable courage, but also in love with the sweetness of his soul.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 57

Ludwig von Mises, at the dawn of the Socialist Century, warned, in a famous article, that socialism simply could not work: that it could not run an industrial economy, and could not even satisfy the goals of the central planners themselves, much less of the mass of consumers in whose name they speak. For decades Mises was derided, and discredited ...

*Making Economic Sense*, p. 414

Mises was right ...

... you can't have economic freedom and private property without intellectual and political freedom ... you can't have *perestroika* without *glasnost*.

*Making Economic Sense*, pp. 414–15

One time I asked Professor von Mises, the great expert on the economics of socialism, at what point on this spectrum of statism would he designate a country as “socialist” or not. At that time, I wasn't sure that any definite criterion existed to make that sort of clear-cut judgment.

And so I was pleasantly surprised at the clarity and decisiveness of Mises's answer. “A stock market,” he answered promptly.

*Making Economic Sense*, p. 426

In the long run, however, it will be all too obvious that Mises has left us a grand intellectual and scientific system for the ages ...

*Making Economic Sense*, p. 450

... Mises [was a] gracious, brilliant and wonderful man; this man of unblemished integrity; this courageous and lifelong fighter for human freedom; this all-encompassing scholar; this noble inspiration to us all. And above all [a] gentle and charming friend ...

*Making Economic Sense*, p. 452

Readers of Mises's majestic, formidable and uncompromising works must have been often surprised to meet him in person. Perhaps they had formed the image of Ludwig Mises as cold, severe, austere, the logical scholar repelled by lesser mortals, bitter at the follies around him and at the long trail of wrongs and insults that he had suffered.

They couldn't have been more wrong; for what they met was a mind of genius blended harmoniously with a personality of great sweetness and benevolence. Not once has any of us heard a harsh or bitter word escape from Mises's lips. Unfailingly gentle and courteous, Ludwig Mises was always there to encourage even the slightest signs of productivity or intelligence in his friends and students; always there for warmth as well as for the mastery of logic and reason that his works have long proclaimed him.

*Making Economic Sense*, p. 453

Ludwig Mises's steadfastness and courage in the face of treatment that would have shattered lesser men, was a never-ending wonder to us all. Once the literal toast of both the economics profession and of the world's leaders, Mises was to find, at the very height of his powers, his world shattered and betrayed. For as the world rushed headlong into the fallacies and evils of Keynesianism and statism, Mises's great insights and contributions were neglected and scorned, and the large majority of his eminent and formerly devoted students decided to bend with the new breeze.

... Ludwig Mises never once complained or wavered. He simply hewed to his great purpose, to carve out and elaborate the mighty structure of economics and social science that he alone had had the genius to see as a coherent whole; and to stand four-square for the individualism and the freedom that he realized was required if the human race was to survive and prosper. He was indeed a constant star that could not be deflected one iota from the body of truth which he was the first to see and to present to those who would only listen.

*Making Economic Sense*, p. 454

A man of high courage, a scholar with unusual integrity, Ludwig von Mises never knew any other way than pursuing truth to its

ultimate conclusions, however unpopular or unpalatable. And, as a result, Ludwig von Mises was the greatest and most uncompromising champion of human freedom in the twentieth century.

It is no wonder, then, that the timorous and the venal habitually shy away from the very name of Ludwig von Mises. For Mises scorned all obstacles and temptations in the pursuit of truth and freedom.

*Making Economic Sense*, p. 459

Yes, of course, Mises was “dogmatic,” i.e., he was totally devoted to truth and to freedom and free enterprise. Yes, indeed, Mises, even though the kindest and most inspiring of men, “alienated people” all the time, that is, he systematically alienated collectivists, socialists, statist, and trimmers and opportunists of all stripes.

*Making Economic Sense*, p. 462

Professor Paul Samuelson has written rhapsodically of the joy of being under thirty at the time of publication of Keynes’s *General Theory*. I can say the same for the publication of Ludwig von Mises’s *Human Action* in 1949. For here at last was economics whole once more, once again an edifice.

*Man, Economy, and State with Power and Market*, p. lv

My overriding intellectual debt, of course, is to Ludwig von Mises.

*Man, Economy, and State with Power and Market*, p. lx

Mises, who has had the last as well as the first word in this debate, has demonstrated irrefutably that a socialist economic system cannot calculate, since it lacks a market, and hence lacks prices for producers’ and especially for capital goods.

*Man, Economy, and State with Power and Market*, pp. 614–15

... as Mises points out, there is no need to be concerned with the “monopolist” ...

*Man, Economy, and State with Power and Market*, p. 672

... Mises's demonstration of the impossibility of economic calculation under socialism has never been successfully refuted.

*Man, Economy, and State with Power and Market*, p. 958

Mises's regression theorem shows that no money can be established on the market except as it can be exchanged for a previously existing money (which in turn must have ultimately related back to a commodity in barter).

*Man, Economy, and State with Power and Market*, p. 1021

Professor Ludwig von Mises has keenly pointed out the paradoxical position of so many "progressives" who insist that consumers are too ignorant or incompetent to buy products intelligently, while at the same time touting the virtues of democracy, where the same people vote for politicians whom they do not know and for policies that they hardly understand.

*Man, Economy, and State with Power and Market*, p. 1070

Mises states, quite rightly, that anyone who advocates governmental dictation over one area of individual consumption must logically come to advocate complete totalitarian dictation over all choices.

*Man, Economy, and State with Power and Market*, p. 1303

... Ludwig von Mises was one of those believing that free banking in practice would approximate a 100 percent gold or silver money.

*Mystery of Banking*, p. 278

Mises [denies] the existence of a rational, objective ethics ...

*Rothbard vs. the Philosophers*, p. 107

... the preeminent economist and praxeologist of our time ...

*Rothbard vs. the Philosophers*, p. 107

[I can never] express how much of an enormous intellectual debt I owe to Mises ...

*Rothbard vs. the Philosophers*, p. 108

Mises categorically denies that anyone can ever act irrationally, either in the means he undertakes or in the ends for which he strives. I think this is flatly wrong, especially since Mises wishes to retain the concept of rational and apply it to all of man's actions. I cannot see how we can retain the term rational while denying anyone the use of its opposite: "irrational." If Mises maintains that no one can ever act irrationally, then he is simply using "rational" as a synonym for "purposive," and this means that he is using the term rational in a sense that no one else uses and is therefore illegitimate. Instead of denying that anyone could act irrationally, Mises should simply not use rational or irrational at all, and leave the term to psychology and ethics.

*Rothbard vs. the Philosophers*, p. 108

... Mises, while a praxeological or epistemological absolutist, is, unfortunately, an ethical relativist. To Mises, there is no such a thing as absolute ethics; man, by the use of his mind, cannot discover a true, "scientific" ethics by insight into what is best for man's nature. Ultimate ends, values, ethics, are simply subjective, personal, and purely arbitrary. If they are arbitrary, Mises never explains where they come from, how any individual arrives at them. I can't see how he could arrive at any answer except the subjective, relative emotions of each individual.

*Rothbard vs. the Philosophers*, p. 110

For to Mises, all ethics is "arbitrary" ... The man who understands economics and then chooses liberty is, or should be, considered by Mises to be just as "arbitrary" as the man who chooses egalitarianism, after accepting, say, the economic consequences of lessened productivity. And since either decision, according to Mises, is ultimately arbitrary, he cannot finally refute the interventionists in this way.

*Rothbard vs. the Philosophers*, p. 111

## **MONETARY POLICY**

The ideal of a stable price level is relatively innocuous during a price rise when it can aid sound money advocates in trying to check the

boom; but it is highly mischievous when prices are tending to sag, and the stabilizationists call for inflation.

*America's Great Depression*, p. 175

... one great desideratum in framing a monetary policy is to find one that is truly compatible with the free market in its widest and fullest sense. This is not only an ethical but also an economic tenet; for, at the very least, the economist who sees the free market working splendidly in all other fields should hesitate for a long time before dismissing it in the sphere of money.

*Case for a 100 Percent Gold Dollar*, p. 20

... government should be separated from the monetary system, just as the free market requires that government not intervene in any other sphere of the economy.

*Economic Controversies*, p. 235

The *laissez-faire* policy of the classical, prewar gold standard meant that prices would be allowed to find their own level in accordance with supply and demand, and without interference by central bank manipulation. In practice, this meant a secularly falling price level, as the supply of goods rose over time in accordance with the long-run rise in productivity. And in practice, price stabilization really meant price raising: either keeping prices up when they were falling, or “reflating” prices by raising them through inflationary action by the central banks. Price stabilization therefore meant the replacement of the classical, *laissez-faire* gold standard by “managed money,” by inflationary credit expansion stimulated by the central banks.

*History of Money and Banking in the United States*, p. 447

... once a commodity is established as a money on the market, no more money at all is needed. Since the only use of money is for exchange and reckoning, more dollars or pounds or marks in circulation cannot confer a social benefit. ...

The natural tendency of government, once in charge of money, is to inflate and to destroy the value of the currency.

*Making Economic Sense*, p. 274

... the exchange-value of money cannot be quantitatively separated from the exchange-value of goods. Since the general exchange-value, or PPM, of money cannot be quantitatively defined and isolated in any historical situation, and its changes cannot be defined or measured, it is obvious that it cannot be kept stable. If we do not know what something is, we cannot very well act to keep it constant.

... the ideal of a stabilized value of money is impossible to attain or even define.

*Man, Economy, and State with Power and Market*, p. 849

... the stabilizationist program of fixing the value of money or price level without distorting relative prices is necessarily doomed to failure. It is an impossible program. ...

At the heart of the stabilizationist ideal is a misunderstanding of the nature of money. Money is considered either a mere *numeraire* or a grandiose measure of values. Forgotten is the truth that money is desired and demanded as a useful commodity ...

*Man, Economy, and State with Power and Market*, p. 851

The central bank can increase the reserves of a country's banks in three ways: (a) by simply lending them reserves; (b) by purchasing their assets, thereby adding directly to the banks' deposit accounts with the central bank; or (c) by purchasing the I.O.U.'s of the public, which will then deposit the drafts on the central bank in the various banks that serve the public directly, thereby enabling them to use the credits on the central bank to add to their own reserves.

*Man, Economy, and State with Power and Market*, p. 1016

Money, in short, is not a "fixed yardstick." It is a commodity serving as a medium for exchanges. Flexibility in its value in response to consumer demands is just as important and just as beneficial as any other free pricing on the market.

*What Has Government Done to Our Money?*, pp. 32–33

... freedom can run a monetary system as superbly as it runs the rest of the economy.

*What Has Government Done to Our Money?*, p. 48

## MONEY

Money forges the connecting link between all economic activities.

*America's Great Depression*, p. 6

Money arises on the free market, as individuals on the market try to facilitate the vital process of exchange.

*Case Against the Fed*, p. 12

Once any particular commodity starts to be used as a medium, this very process has a spiralling, or snowballing, effect. If, for example, several people in a society begin to use butter as a medium, people will realize that in that particular region butter is becoming especially marketable, or acceptable in exchange, and so they will demand more butter in exchange for use as a medium. And so, as its use as a medium becomes more widely known, this use feeds upon itself, until rapidly the commodity comes into general employment in the society as a medium of exchange. A commodity that is in general use as a medium is defined as a money.

*Case Against the Fed*, pp. 13–14

Money, after all, can neither be eaten nor used up in production. The money-commodity, functioning as money, can only be used in exchange, in facilitating the transfer of goods and services, and in making economic calculation possible. But once a money has been established in the market, no increases in its supply are needed, and they perform no genuine social function.

*Case Against the Fed*, p. 19

... money, in any market economy advanced beyond the stage of primitive barter, is the nerve center of the economic system. If, therefore, the state is able to gain unquestioned control over the unit of all accounts, the state will then be in a position to dominate the entire economic system, and the whole society.

*Case for a 100 Percent Gold Dollar*, p. 21



On the pristine free market, money does not and cannot mean names of paper tickets. Money means a certain commodity ...

*Case for a 100 Percent Gold Dollar*, p. 24

... logically money can only originate in a nonmonetary commodity, chosen gradually by the market to be an ever more general medium of exchange. Money cannot originate as a new fiat name, either by government edict or by some form of social compact.

*Case for a 100 Percent Gold Dollar*, p. 31

... money is one of the greatest and most significant features of the modern market economy, and indeed of civilization itself. The more general the money, the greater the scope for division of labor and for the interregional exchange of goods and services that stem from the market economy. A monetary medium is therefore critical to the free market, and the wider the use of this money, the more extensive the market and the better it can function.

*Case for a 100 Percent Gold Dollar*, p. 60

... the demand for money, like the demand for any product, is variable and uncertain.

*Classical Economics*, p. 180

Money exchanges with all other goods on terms set by the market. These terms, established by the interplay of market supply and demand, constitute the array of money prices in society. If the supply of money in society should increase, the purchasing power of each unit of money relative to goods will fall (that is, prices will rise); if the supply of money should decline, then the purchasing power of each unit will rise (prices will fall).

*Conceived in Liberty v. 2*, p. 125; p. 623

To function as a money, an entity must have emerged on the free market out of barter, as a particularly marketable commodity selected on the market as a medium for virtually all exchanges. Nothing can be originally adopted as money by government fiat,

or by some sort of social contract; it must originate as a strictly market phenomenon.

*Economic Controversies*, p. 207

... the reason one holds cash balances is the uncertainty of the future ...

*Economic Controversies*, p. 257

... people demand money to hold in their cash balances, not for eventual direct use in consumption, but precisely in order to exchange those balances for other goods that will be used directly. Thus, money is not useful in itself but because it has a prior exchange value, because it has been and therefore presumably will be exchangeable in terms of other goods. In short, money is demanded because it has a pre-existing purchasing power; its demand not only is not independent of its existing price on the market but is precisely due to its already having a price in terms of other goods and services.

*Economic Controversies*, pp. 692–93

No money could have originated either by a social compact to consider some previously valueless thing as a “money” or by sudden governmental fiat. ... money had to originate as a directly useful commodity ...

*Economic Controversies*, p. 694

Money is the medium of exchange ...

*Economic Controversies*, p. 706

Money is the nerve center of any economy above the most primitive level. An economy consists of a vast and intricate network of two-person exchanges, and money constitutes one side of every exchange. Money is the medium by which producers of goods and services (sold for money) proceed to become consumers of goods and services (bought for money). If any one person or organization manages to obtain control over the supply of money — over its quality, its quantity, or its use — he or it has thereby taken a long

step toward gaining complete control of the entire economic system. Similarly, it is difficult to see how complete economic control could be achieved without domination of the supply of money.

*Economic Controversies*, p. 709

Once a commodity begins to be used as a medium, the process accelerates as this makes the good all the more valuable, until it finally comes to be used as a general medium for exchanges — as a money.

*Economic Controversies*, p. 709

... money is the general medium of exchange, the thing that all other goods and services are traded for, the final payment for such goods on the market.

*Economic Controversies*, p. 728

... so long as demand deposits are accepted as equivalent to standard money, they will function as part of the money supply.

It is important to recognize that demand deposits are not automatically part of the money supply by virtue of their very existence; they continue as equivalent to money only so long as the subjective estimates of the sellers of goods on the market think that they are so equivalent and accept them as such in exchange.

*Economic Controversies*, p. 729

For any commodity to become used as money, it must have originated as a commodity valued for some nonmonetary purpose ... Money has to originate as a valuable nonmonetary commodity.

*Economic Controversies*, p. 759

... no money can originate in any society except as a medium of exchange, and as a medium that arose on the free market as a useful nonmonetary commodity, e.g., gold or silver.

*Economic Controversies*, p. 890

... any group, coming into the possession of the absolute power to “print money,” will tend to ... print it!

*Economic Controversies*, p. 909

... the growth of money greatly facilitated production and exchange. ... money eliminates the grave problem of “double coincidence of wants,” where each trader will have to desire the other man’s goods directly. Now each person can sell goods for money. Furthermore, money serves as a store of values to be used for purchases in the future.

*Economic Thought Before Adam Smith*, pp. 14–15

... the value of money depends not only on existing demand and supply conditions, but also on present expectations of the future state of the market.

*Economic Thought Before Adam Smith*, p. 100

Money first arises on the market as individuals begin to choose one or several useful commodities to act as a money: the best money-commodities are those that are in high demand; that have a high value per unit-weight; that are durable, so they can be stored a long time, mobile, so they can be moved readily from one place to another, and easily recognizable; and that can be readily divisible into small parts without losing their value.

*For a New Liberty*, p. 220

... people adopt certain units as money because they are confident that most other people will be using them as money. In short, the arrival of a thing or a name as money occurs only after a lengthy process of custom and habituation to its use. ...

... nothing ever becomes money out of the blue ... it can only emerge as money as a unit of weight of a useful market produced commodity: almost always either gold or silver.

*Libertarian Forum v. 2*, p. 993

I would like to submit that it is precisely the area of money — an area nationalized throughout the world — where we cannot trust government at all, and even less so than in other areas of the economy. ... government is inherently inflationary ... putting the Fed or any other government institution in charge of the supply of

money is equivalent to letting the proverbial fox guard the chicken coop.

... government, like many of the rest of us, is chronically short of funds — that is, it would like to spend more than it can take in in taxes without stirring up too much political unrest. To pay for the remainder, it can borrow from the public, or better yet, it can create new money and use it to finance its ever-larger deficits. The point is that economically, if not legally, the federal government — now the Federal Reserve — enjoys the monopoly of legalized counterfeiting, of creating new money out of thin air, or out of paper and ink. I submit that any institution, no matter how noble its possible motives, will use any power that it has, especially the power to counterfeit. By creating new money, the government can finance its deficits, and subsidize favored political and economic groups by supplying cheaper credit than they would otherwise enjoy. Since the government, as monopoly issuer of fiat money, has the power and the ability to counterfeit, it will tend to keep using such power.

*Libertarian Forum v. 2*, pp. 1011–12

The Regression Theorem also shows that money, in any society, can only become established by a market process emerging from barter. Money cannot be established by a social contract, by government imposition, or by artificial schemes proposed by economists. Money can only emerge, “organically” so to speak, out of the market.

*Ludwig von Mises: Scholar, Creator, Hero*, pp. 13–14

Money is the most important single feature of the economy ...

*Making Economic Sense*, p. 493

Money is a crucial command post of any economy, and therefore of a society.

*Making Economic Sense*, p. 271

... any desire for money is a desire for a means to other ends.

*Man, Economy, and State with Power and Market*, p. 76

A commodity that comes into general use as a medium of exchange is defined as being a money.

*Man, Economy, and State with Power and Market*, p. 192

With the great variety in human skills and natural resources resulting in enormous advantages from the division of labor, the existence of money permits the splitting of production into minute branches, each man selling his product for money and using money to buy the products that he desires.

*Man, Economy, and State with Power and Market*, p. 194

... nearly all exchanges are made against money, and money impresses its stamp upon the entire economic system.

*Man, Economy, and State with Power and Market*, p. 195

On the unhampered market of a money economy, producers of commodities and services sell their goods for the money commodity, then use the money acquired to buy other desired goods.

*Man, Economy, and State with Power and Market*, p. 200

... the establishment of money leads to an enormous increase in the supply of exchangeable goods ...

*Man, Economy, and State with Power and Market*, p. 214

Every man must allocate his money resources in three and only three ways: in consumption spending, in investment expenditure, and in addition to his cash balance.

*Man, Economy, and State with Power and Market*, p. 219

In the money economy, the problem of exchange-value is simplified, since it will be exchange for money that will be especially important. The utility on his value scale of the highest direct use value will be compared to the utility of the sum of money the good could procure in exchange.

*Man, Economy, and State with Power and Market*, p. 223

... with money being used for all exchanges, money prices serve as a common denominator of all exchange ratios.

*Man, Economy, and State with Power and Market*, p. 235

Money ... has an almost infinite array of “goods-prices” that establish the “goods-price of money.” The entire array, considered together, yields us the general “goods price of money.”

*Man, Economy, and State with Power and Market*, p. 237

It is obvious that money is not only a useful good, but one of the most useful in a money economy. It is used as a medium in practically every exchange. ... money obeys the law of marginal utility, just as any other commodity does. ... The first unit of money will be allocated to its most important and valued use to an individual; the second unit will be allocated to its second most valued use, etc. Any unit of money that must be given up will be surrendered at the sacrifice of the least highly valued use previously being served or which would have been served. Therefore, it is true of money, as of any other commodity, that as its stock increases, its marginal utility declines; and that as its stock declines, its marginal utility to the person increases. Its marginal utility of addition is equal to the rank of the most highly valued end the monetary unit can attain; and its marginal utility is equal in value to the most highly valued end that would have to be sacrificed if the unit were surrendered.

*Man, Economy, and State with Power and Market*, pp. 263–64

... all money is always in someone’s cash balance. It is never “moving” in some mysterious “circulation.”

*Man, Economy, and State with Power and Market*, p. 265

The marginal utility of money differs from person to person, just as does the marginal utility of any other good. ... There is no measuring or comparability in the field of values or ranks.

*Man, Economy, and State with Power and Market*, p. 267

Money must develop out of a commodity with a previously existing purchasing power, such as gold and silver had. It cannot be

created out of thin air by any sudden “social compact” or edict of government.

*Man, Economy, and State with Power and Market*, p. 275

... the establishment of money tremendously broadens the range of choice open to everybody.

*Man, Economy, and State with Power and Market*, p. 279

... the money commodity is demanded and held only because it is more marketable than other commodities, i.e., because the holder is more sure of being able to exchange it. ... Money is demanded and held only because it gives greater assurance of finding a market and because of the uncertainties of the person’s demands in the near future.

*Man, Economy, and State with Power and Market*, p. 328

Money, the general medium of exchange, is precisely nonspecific.

*Man, Economy, and State with Power and Market*, p. 350

... money is the general medium of exchange ...

*Man, Economy, and State with Power and Market*, p. 351

The establishment of money as a general medium of exchange has greatly simplified the present-future market ... Money is clearly the present good *par excellence*. For, aside from the consumption value of the monetary metal itself, the money commodity is the one completely marketable good in the entire society. It is the open sesame to exchange for consumption goods at any time that its owner desires. It is therefore a present good. ... money is the dominant present good in the market. Furthermore, since money is the medium for all exchanges, it is also the medium for exchanges on the time market.

*Man, Economy, and State with Power and Market*, p. 375

Because money is the general medium of exchange, for the time market as well as for other markets, money is the present good, and



the future goods are present expectations of the future acquisition of money.

*Man, Economy, and State with Power and Market*, p. 376

Money is a commodity that serves as a general medium of exchange; its exchanges therefore permeate the economic system. Like all commodities, it has a market demand and a market supply ... the prime purpose of the money commodity is to be exchanged, now or in the future, for directly consumable or productive commodities.

*Man, Economy, and State with Power and Market*, p. 756

... the subjective utility of money is dependent on the objective exchange-value of money ...

*Man, Economy, and State with Power and Market*, p. 764

The sole use of money is to be exchanged for goods ...

*Man, Economy, and State with Power and Market*, p. 765

... the only use for money is in exchange.

*Man, Economy, and State with Power and Market*, p. 767

Money, in short, would either be useless or very nearly so in the world of certainty.

*Man, Economy, and State with Power and Market*, p. 767

... the money relation is neutral to time preference and the pure rate of interest.

*Man, Economy, and State with Power and Market*, p. 775

... there is nothing at all antisocial about either “hoarding” or “dishoarding.” “Hoarding” is simply an increase in the demand for money, and the result of this change in valuations is that people get what they desire, i.e., an increase in the real value of their cash balances and of the monetary unit.

*Man, Economy, and State with Power and Market*, p. 776

Any increase or decrease in the supply of uncovered money-substitutes increases or decreases to the same extent the total supply of money.

*Man, Economy, and State with Power and Market*, p. 806

The marginal utility of money does diminish, but it is impossible to compare one person's utilities with another, let alone believe that everyone's valuations are identical. Utilities are not quantities, but subjective orders of preference.

*Man, Economy, and State with Power and Market*, p. 1231

... money does not and cannot originate by order of the State or by some sort of social contract agreed upon by all citizens; it must always originate in the processes of the free market.

*Mystery of Banking*, p. 3

Once a commodity begins to be used as a medium of exchange, when the word gets out it generates even further use of the commodity as a medium. In short, when the word gets around that commodity X is being used as a medium in a certain village, more people living in or trading with that village will purchase that commodity, since they know that it is being used there as a medium of exchange. In this way, a commodity used as a medium feeds upon itself, and its use spirals upward, until before long the commodity is in general use throughout the society or country as a medium of exchange. But when a commodity is used as a medium for most or all exchanges, that commodity is defined as being a money.

*Mystery of Banking*, p. 5

... money is a commodity — period.

*Rothbard vs. the Philosophers*, p. 138

... demand deposits are only money so long as the bank is considered safe; let the bank be thought in imminent danger of failure, and a bank run develop, and then its demand deposits will no longer be readily accepted at par, and will no longer function as part of the money supply.

*Strictly Confidential*, p. 260

If we favor the free market in other directions, if we wish to eliminate government invasions of person and property, we have no more important task than to explore the ways and means of a free market in money.

*What Has Government Done to Our Money?*, p. 3

In every society, the most marketable goods will be gradually selected as the media for exchange. As they are more and more selected as media, the demand for them increases because of this use, and so they become even more marketable. The result is a reinforcing spiral: more marketability causes wider use as a medium which causes more marketability, etc. Eventually, one or two commodities are used as general media — in almost all exchanges — and these are called money.

*What Has Government Done to Our Money?*, pp. 7–8

... money is a commodity. Learning this simple lesson is one of the world's most important tasks. So often have people talked about money as something much more or less than this. Money is not an abstract unit of account, divorceable from a concrete good; it is not a useless token only good for exchanging; it is not a "claim on society"; it is not a guarantee of a fixed price level. It is simply a commodity. It differs from other commodities in being demanded mainly as a medium of exchange. But aside from this, it is a commodity — and, like all commodities, it has an existing stock, it faces demands by people to buy and hold it, etc. Like all commodities, its "price" — in terms of other goods — is determined by the interaction of its total supply, or stock, and the total demand by people to buy and hold it.

*What Has Government Done to Our Money?*, pp. 9–10

The emergence of money was a great boon to the human race. Without money — without a general medium of exchange — there could be no real specialization, no advancement of the economy above a bare, primitive level. With money, the problems of indivisibility and "coincidence of wants" that plagued the barter society all vanish.

*What Has Government Done to Our Money?*, p. 10

Many textbooks say that money has several functions: a medium of exchange, unit of account, or “measure of values,” a “store of value,” etc. But it should be clear that all of these functions are simply corollaries of the one great function: the medium of exchange. Because gold is a general medium, it is most marketable, it can be stored to serve as a medium in the future as well as the present, and all prices are expressed in its terms. Because gold is a commodity medium for all exchanges, it can serve as a unit of account for present, and expected future, prices. It is important to realize that money cannot be an abstract unit of account or claim, except insofar as it serves as a medium of exchange.

*What Has Government Done to Our Money?*, pp. 11–12

Money is just as useful when lying “idle” in somebody’s cash balance, even in a miser’s “hoard.” For that money is being held now in wait for possible future exchange — it supplies to its owner, right now, the usefulness of permitting exchanges at any time — present or future — the owner might desire.

*What Has Government Done to Our Money?*, p. 28

... all money has originated, and must originate, in a useful commodity chosen by the free market as a medium of exchange.

*What Has Government Done to Our Money?*, p. 47

... money is the lifeblood of the economy; it is the medium for all transactions. If government dictates over money, it has already captured a vital command post for control over the economy, and has secured a stepping-stone for full socialism. ... a free market in money, contrary to common assumption, would not be chaotic; that, in fact, it would be a model of order and efficiency.

*What Has Government Done to Our Money?*, p. 86

... government meddling with money has not only brought untold tyranny into the world; it has also brought chaos and not order. It has fragmented the peaceful, productive world market and shattered it into a thousand pieces, with trade and investment hobbled and hampered by myriad restrictions, controls, artificial rates,

currency breakdowns, etc. It has helped bring about wars by transforming a world of peaceful intercourse into a jungle of warring currency blocs. In short, we find that coercion, in money as in other matters, brings, not order, but conflict and chaos.

*What Has Government Done to Our Money?*, pp. 86–87

## MONEY SUPPLY

... an increase in the supply of money cannot relieve the natural scarcity of consumer or capital goods; all it does is to make the dollar or the franc cheaper, that is, lower its purchasing power in terms of all other goods and services. Once a good has been established as money on the market, then, it exerts its full power as a mechanism of exchange or an instrument of calculation. All that an increase in the quantity of dollars can do is to dilute the effectiveness, the purchasing-power, of each dollar. Hence, the great truth of monetary theory emerges: once a commodity is in sufficient supply to be adopted as money, no further increase in the supply of money is needed. Any quantity of money in society is “optimal.” Once a money is established, an increase in its supply confers no social benefit.

*Case Against the Fed*, pp. 19–20

... the supply of money essentially does not matter. Money performs its function by being a medium of exchange; any change in its supply, therefore, will simply adjust itself in the purchasing power of the money unit, that is, in the amount of other goods that money will be able to buy. An increase in the supply of money means merely that more units of money are doing the social work of exchange and therefore that the purchasing power of each unit will decline. Because of this adjustment, money, in contrast to all other useful commodities employed in production or consumption, does not confer a social benefit when its supply increases. ...

There is therefore never any need for a larger supply of money ... An increased supply of money can only benefit one set of people at the expense of another set ...

*Case for a 100 Percent Gold Dollar*, p. 53

... any level of the money supply is optimal ...

*Classical Economics*, p. 194

... there is never any social value to increasing the money supply ...

*Classical Economics*, p. 243

... once a commodity is chosen as money by the market, any amount of its supply is optimal. In short, no social benefit is ever conferred by an increase in the supply of money in society. This contrast to other useful goods is due to the fact that money is used only for exchange of other goods; it does not, like other goods, perform its service by being used up in production or consumption. ... an increase in the money supply only dilutes the effectiveness of each unit of money (for instance, the gold ounce); a fall in the supply raises the power of each unit to do its work. Whatever happens to the supply of money, prices will thus adjust themselves so as to carry on the work of exchange as efficiently as possible. No one size of the money stock, then, is better than any other.

*Conceived in Liberty* v. 2, p. 125; p. 623

... if the supply of a medium of exchange increases; and if the demand for that medium remains the same; then, the purchasing power of that medium will decline. This is a praxeological law.

*Economic Controversies*, p. 114

... every supply of money is optimal. ... even though the value, or purchasing power, of money is, like all other goods or services, determined by its supply and demand, there is one crucial difference between money and all other goods. All other goods and services, whether consumer or producer goods or resources, help to alleviate natural scarcity; therefore, other things being equal, any increase in these goods is a net social benefit, easing natural scarcity. But that is not true for money, since the only function of money is to facilitate exchange, to furnish a general medium of exchange and hence a unit of economic calculation. But money performs such a function optimally and fully, regardless of the supply available. An increase in the quantity of money cannot

alleviate scarcity and cannot provide a social benefit: it could only dilute the purchasing power of each money unit. An increase in supply can only dilute the exchange effectiveness of each dollar or franc or whatever is the monetary unit.

*Economic Controversies*, p. 208

... there is never any social or economic benefit to be conferred by an increase in the supply of money ...

*Economic Controversies*, p. 235

An increase in the supply of money never confers any general benefit upon society. ... Other things being equal, an increase in the supply of consumers' goods benefits society since one or more consumers will be better off. The same is true of an increase in the supply of producers' goods, which will be eventually transformed into an increased supply of consumers' goods; for production itself is the process of transforming natural resources into new forms and locations desired by consumers for direct use. But money is very different: money is not used directly in consumption or production but is exchanged for such directly usable goods. Yet, once any commodity or object is established as a money, it performs the maximum exchange work of which it is capable. An increase in the supply of money causes no increase whatever in the exchange service of money; all that happens is that the purchasing power of each unit of money is diluted by the increased supply of units. Hence there is never a social need for increasing the supply of money ...

*Economic Controversies*, p. 698

... no free market can endure when control over the vital supply of money is thus granted permanently to government.

*Economic Controversies*, p. 711

... control over a nation's money is a prerequisite for dictation over the rest of the economy.

*Economic Controversies*, p. 712

... demand deposits must be included in the concept of the money supply so long as the market treats them as equivalent; that is, so long as individuals think that they are redeemable in cash.

*Economic Controversies*, p. 730

... once a money is established, whatever supply of money exists does the full amount of the “monetary work” needed in the economy.

*Economic Controversies*, p. 750

... if any person or organization ever obtains the monopoly right to create money, that person or organization will tend to use this right to the hilt. The reason is simple: Anyone or any group empowered to manufacture money virtually out of thin air will tend to exercise that right, and with considerable enthusiasm. For the power to create money is a heady and profitable privilege indeed.

*Economic Controversies*, p. 756

Only by changing the definition of the dollar from fiat paper tickets issued by the government to a unit of weight of some market commodity, can the function of issuing money be permanently and totally shifted from government to private hands.

*Economic Controversies*, p. 761

... if more money is good, why shouldn't a perpetual and greater increase of money be even better? Why indeed? Why not an increasing supply of money leading to infinity?

*Economic Thought Before Adam Smith*, p. 327

... an increase in the supply of money does not confer any benefit whatever on society. On the contrary, it is a means of exploitation of the bulk of society by the State, State-manipulated banks and their favorites. The reason is that, in contrast to potatoes or steel, an increase of which means that more goods can be consumed and more people benefited, money does its full social work regardless of its quantity on the market. More money will only



dilute the purchasing power, the value in exchange, of each dollar; less money will add to the value of each dollar.

*Egalitarianism as a Revolt Against Nature*, pp. 212–13

From the beginning of market adoption of gold and silver as money, the State has been moving in to seize control of the money-supply function, the function of determining and creating the supply of money in the society. It should be obvious why the State should want to do so: this would mean seizing control over the money supply from the market and turning it over to a group of people in charge of the State apparatus. Why they should want to do so is clear: here would be an alternative to taxation which the victims of a tax always consider onerous.

*For a New Liberty*, p. 221

Government control of the money supply is inherently inflationary ...

*For a New Liberty*, p. 222

... once there is enough of a supply of a commodity to be established on the market as money, there is no need ever to increase the supply of money. This means that any supply of money whatever is “optimal”; and every change in the supply of money stimulated by government can only be pernicious.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 11

... like all valuable property, all money must, at any point in time, be owned by someone. At any point in time, the sum of the cash holdings of all individuals is equal to the total stock of money in the community.

*Man, Economy, and State with Power and Market*, p. 204

Goods are useful and scarce, and any increment in goods is a social benefit. But money is useful not directly, but only in exchanges. ... there is no such thing as “too little” or “too much” money ... An increase in the supply of money confers no social benefit whatever; it simply benefits some at the expense of others ... Similarly,

a decrease in the money stock involves no social loss. For money is used only for its purchasing power in exchange, and an increase in the money stock simply dilutes the purchasing power of each monetary unit. Conversely, a fall in the money stock increases the purchasing power of each unit.

... One of the most important economic laws, therefore, is: Every supply of money is always utilized to its maximum extent, and hence no social utility can be conferred by increasing the supply of money.

*Man, Economy, and State with Power and Market*, pp. 765–66

... there is no social utility in an increased supply, nor any social disutility in a decreased supply, of money.

*Man, Economy, and State with Power and Market*, p. 814

... the total money stock in the society at any given time is the aggregate, the sum total, of all existing cash balances, or money stock, owned by each individual or group.

*Mystery of Banking*, p. 12

... an increase of consumer goods, or of productive resources, clearly confers a net social benefit. For consumer goods are consumed, used up, in the process of consumption, while capital and natural resources are used up in the process of production. Overall, then, the more consumer goods or capital goods or natural resources the better.

But money is uniquely different. For money is never used up, in consumption or production, despite the fact that it is indispensable to the production and exchange of goods. Money is simply transferred from one person's assets to another. Unlike consumer or capital goods, we cannot say that the more money in circulation the better. ... any supply of money will be equally optimal with any other. In short, it doesn't matter what the money supply may be.

*Mystery of Banking*, pp. 44–45

... no one — whether government official or economist — need concern himself with the money supply or worry about its optimal amount. ...

... The “problem” of the proper supply of money is not a problem at all.

*Mystery of Banking*, p. 47

The determinants of the money supply under central banking, then, are reserve requirements and total reserves. The Central Bank can determine the amount of the money supply at any time by manipulating and controlling either the reserve requirements and/or the total of commercial bank reserves.

*Mystery of Banking*, pp. 136–37

The crucial distinction, and the crucial way to decide what is part of the money supply, must focus on whether a certain claim is withdrawable instantly on demand. ...

The test, then, should be whether or not a given bank claim is redeemable genuinely and in fact, on demand at par in cash. If so, it should be included in the money supply.

*Mystery of Banking*, p. 254

While an increase in the money supply, like an increase in the supply of any good, lowers its price, the change does not — unlike other goods — confer a social benefit. The public at large is not made richer. Whereas new consumer or capital goods add to standards of living, new money only raises prices — i.e., dilutes its own purchasing power. ... an increase in money does not confer a social benefit ...

... it doesn't matter what the supply of money is. Any supply will do as well as any other supply.

*What Has Government Done to Our Money?*, pp. 24–25

... determining the supply of money, like all other goods, is best left to the free market. Aside from the general moral and economic advantages of freedom over coercion, no dictated quantity of money will do the work better ...

*What Has Government Done to Our Money?*, p. 26

Once there is enough supply of a metal to permit the market to choose it as money, no increase in supply can improve its monetary function. An increase in money supply will then merely dilute the effectiveness of each ounce of money without helping the economy.

*What Has Government Done to Our Money?*, p. 48

## MONOPOLY

Defense of one's property and commerce against a privileged monopoly is required by libertarian principle.

*Conceived in Liberty* v. 3, p. 263; p. 1027

... the major source of monopoly in the economy is the activity of government ...

*Economic Controversies*, p. 897

... monopoly privilege can only be created by the State and not as a result of free-market operations.

*Egalitarianism as a Revolt Against Nature*, p. 39

... freely-competitive "monopoly" firms exist by virtue of being more efficient, providing better service at lower rates, than their existing or potential competitors.

*Making Economic Sense*, p. 197

... monopoly is a grant of special privilege by the State, reserving a certain area of production to one particular individual or group. Entry into the field is prohibited to others and this prohibition is enforced by the gendarmes of the State.

*Man, Economy, and State with Power and Market*, p. 669

The monopoly price resulting from a grant of monopoly privilege leads away from the free-market price; it lowers output and raises prices beyond what would be established if consumers and producers could trade freely.

*Man, Economy, and State with Power and Market*, p. 905

... the government may prohibit production and sale except by a certain firm or firms. ... It is obvious that the grant benefits the monopolist or quasi monopolist because his competitors are barred by violence from entering the field; it is also evident that the would-be competitors are injured and are forced to accept lower remuneration in less efficient and value-productive fields. The consumers are likewise injured, for they are prevented from purchasing their products from competitors whom they would freely prefer. And this injury takes place apart from any effect of the grant on prices.

Although a monopolistic grant may openly and directly confer a privilege and exclude rivals, in the present day it is far more likely to be hidden or indirect, cloaked as a type of penalty on competitors, and represented as favorable to the “general welfare.” The effects of monopolistic grants are the same, however, whether they are direct or indirect.

*Man, Economy, and State with Power and Market*, p. 1089

The theory of monopoly price is illusory when applied to the free market, but it applies fully to the case of monopoly and quasi-monopoly grants.

*Man, Economy, and State with Power and Market*, p. 1090

... the term “monopoly” properly applies only to governmental grants of privilege, direct and indirect. ...

... it is clearly not only pointless but deeply ironic to call upon the government to “pursue a positive antimonopoly policy.” Evidently, all that is necessary to abolish monopoly is that the government abolish its own creations.

*Man, Economy, and State with Power and Market*, p. 1143

... a monopoly price and a monopoly by any usable definition arise only through the coercive grant of exclusive privilege by the government, and this includes all attempts to “enforce competition.”

*Man, Economy, and State with Power and Market*, pp. 1299–1300

... the only really important monopolies are those created and fostered by governments.

*Rothbard vs. the Philosophers*, pp. 80–81

## MORALITY

... since men's actions, given freedom to express their choices, are determined by their inner convictions and values, compulsory moral rules only serve to manufacture hypocrites and not to advance genuine morality. Coercion only forces people to change their actions; it does not persuade people to change their underlying values and convictions. And since those already convinced of the moral rules would abide by them without coercion, the only real impact of compulsory morality is to engender hypocrites, those whose actions no longer reflect their inner convictions.

*Conceived in Liberty v. 1*, p. 177; p. 167

... only private property furnishes people with the opportunity to act morally ...

*Economic Thought Before Adam Smith*, p. 14

It cannot be emphasized too strongly that there is a host of moral rights and duties which are properly beyond the province of the law.

*Egalitarianism as a Revolt Against Nature*, p. 153

... the general law of morality for man is a special case of the system of natural law governing all entities of the world, each with its own nature and its own ends.

*Ethics of Liberty*, p. 7

... it is a man's right to do whatever he wishes with his person; it is his right not to be molested or interfered with by violence from exercising that right. But what may be the moral or immoral ways of exercising that right is a question of personal ethics rather than of political philosophy ...

*Ethics of Liberty*, p. 24

... it is not the business of law — properly the rules and instrumentalities by which person and property are violently defended — to make people moral by use of legal violence. It is not the proper business of law to make people be truthful or to keep their promises. It is the business of legal violence to defend persons and their property from violent attack, from molestation or appropriation of their property without their consent.

*Ethics of Liberty*, pp. 79–80

... it is not and cannot be the function of law (i.e., legal violence) in a libertarian system to enforce morality ...

*Ethics of Liberty*, p. 133

... it is surely grotesque to entrust the function of guardian of the public morality to the most extensive criminal (and hence the most immoral) group in society — the State.

*Ethics of Liberty*, p. 174

... the moral and the legal are, for the libertarian, two very different categories.

*For a New Liberty*, p. 117

... it is not the business of the law — the use of retaliatory violence — to enforce anyone's conception of morality. It is not the business of the law — even if this were practically possible, which is, of course, most unlikely — to make anyone good or reverent or moral or clean or upright. This is for each individual to decide for himself. It is only the business of legal violence to defend people against the use of violence, to defend them from violent invasions of their person or property.

*For a New Liberty*, p. 127

The concept of “morality” makes no sense unless the moral act is freely chosen. ... Coercion deprives a man of the freedom to choose and, therefore, of the possibility of choosing morally.

*For a New Liberty*, pp. 128–29

... to take morality seriously is to be truly revolutionary ...

*Left and Right*, p. 132

Man has no moral duty to seek martyrdom.

*Libertarian Forum v. 1*, p. 150

... I, at least, believe firmly in the existence of an objective moral order, one discoverable by man's reason.

*Libertarian Forum v. 1*, p. 163

... the moral law of the free society can be summed up in the phrase: "mind your own business!" At first sight, this seems a rather narrow ethic for mankind. ... One would hope that the free society of the future would be free, not only of aggressive violence, but also of self-righteous and arrogant nagging and harassment. "Mind your own business" implies that each person attend well to his own affairs, and allow every other man the same privilege. It is a morality of basic civility, of courtesy, of civilized life, of respect for the dignity of every individual. It does not encompass all of morality, but by God it is a necessary ingredient to a truly rational and civilized social ethic.

*Libertarian Forum v. 1*, p. 208

What we want is not to impose any "views" on anyone, but to combat and repress aggression against person and property.

*Libertarian Forum v. 1*, p. 416

Placing the State in charge of moral principles is equivalent to putting the proverbial fox in charge of the chicken coop.

... moral choices make no sense in the absence of freedom to choose, a freedom which is precisely the glory of the species man.

... every person has the right to be free to choose his moral principles ...

*Libertarian Forum v. 1*, p. 448



To the libertarian, who must always separate legal from general moral theory, the crucial question is always: shall such and such an action be criminal, shall it be licit in the free society? There are numerous actions, for example, which a libertarian may or may not consider “immoral” (e.g., drinking alcohol or yelling at one’s neighbor) but does not consider criminal. The libertarian always concentrates on what is a crime, and for him, the conclusion depends on his general theory that crime (and therefore illegality) must be confined to acts of aggression upon the person or property of others.

*Libertarian Forum v. 2, p. 774*

Libertarians don’t believe in ever taking moral lessons from the State; we believe that the only proper moral teachers are individuals and voluntary groups such as private schools, families, and churches.

*Libertarian Forum v. 2, p. 885*

... moral truths, like economic laws, are not quantitative but qualitative.

*Making Economic Sense, p. 38*

... there is no sense to any concept of morality, regardless of the particular moral action one favors, if a man is not free to do the immoral as well as the moral thing. If a man is not free to choose, if he is compelled by force to do the moral thing, then, on the contrary, he is being deprived of the opportunity of being moral. ...

Dictatorship over consumers’ choices, then, can only atrophy morality rather than promote it. ... morality can spread only through peaceful persuasion. ... the use of force can only erode and impair morality.

*Man, Economy, and State with Power and Market, p. 1305*

... the use of coercion is itself the highest form of immorality ...

*Man, Economy, and State with Power and Market, p. 1306*

## NATIONALISM

Nationalism is not a unitary, monolithic phenomenon. If it is aggressive, we should oppose it; if liberatory, we should favor it.

*Egalitarianism as a Revolt Against Nature*, p. 197

... one of the basic doctrines and tactics of the rulers of each State has been to identify itself with the territory it governs. Since most men tend to love their homeland, the identification of that land and its population with the State is a means of making natural patriotism work to the State's advantage.

*For a New Liberty*, p. 71

... there is no national "self" ...

*Irrepressible Rothbard*, p. 234

While the State is a pernicious and coercive collectivist concept, the "nation" may be and generally is voluntary. The nation properly refers, not to the State, but to the entire web of culture, values, traditions, religion, and language in which the individuals of a society are raised ... one may be a true patriot of one's nation or country while — and even for that very reason — opposing the State that rules over it.

... national self-determination is a vitally important matter in which libertarians should properly take sides.

*Irrepressible Rothbard*, p. 234

Many libertarians have tended to oppose any form of nationalism on the grounds that they cannot support any nation-State. But it is critically important to realize that "nationalism" cannot be lumped together in one mass. There are two contrasting types of nationalism: a desire to liberate an oppressed nation from the chains imposed by another nation (a movement for "national liberation"); as against a desire to aggress against other nations and impose one's own national domination upon them (a movement for "imperialism").

*Left and Right*, p. 308

Nationalism is not a unitary, monolithic phenomenon. If it is aggressive, we should oppose it, if liberatory we should favor it.

*Libertarian Forum v. 1*, p. 45

“Nations” may be important politically and culturally, but economically they appear only as a consequence of government intervention ...

*Man, Economy, and State with Power and Market*, p. 1101

## NATURAL LAW

... it is rooted in the nature of man that each person is endowed with reason and with free will — and that he is able to use free will to employ his reason in order to discover the natural law of what is good or bad for man’s happiness. Furthermore, he is then able to use that free will to choose the good. And since each individual’s choices rest on the convictions of his mind, each man has the right and duty of private judgment over his own life. Thus each individual is morally capable and therefore responsible for his own actions.

*Conceived in Liberty v. 2*, pp. 171–72; pp. 669–70

Since the nature of man is such that each individual must use his mind to learn about himself and the world, to select values, and to choose ends and means in order to survive and flourish, the right to self-ownership gives each man the right to perform these vital activities without being hampered and restricted by coercive molestation.

*Economic Controversies*, p. 353

Natural law rests on the crucial insight that *to be* necessarily means to be something, that is, some particular thing or entity. There is no Being in the abstract. Everything that is, is some particular thing, whether it be a stone, a cat, or a tree. By empirical fact there is more than one kind of thing in the universe; in fact there are thousands, if not millions of kinds of things. Each thing has its own particular set of properties or attributes, its own nature, which distinguishes it

from other kinds of things. A stone, a cat, an elm tree; each has its own particular nature, which man can discover, study and identify.

*Economic Thought Before Adam Smith*, p. 3

... if every entity in the universe — if hydrogen, oxygen, stone, or cats can be identified, classified, and its nature examined, then so too can man. Human beings must also have a specific nature with specific properties that can be studied, and from which we can obtain knowledge. Human beings are unique in the universe because they can and do study themselves, as well as the world around them, and try to figure out what goals they should pursue and what means they can employ to achieve them.

*Economic Thought Before Adam Smith*, p. 4

Man, in the famous Aristotelian phrase, is uniquely the rational animal — the species that uses reason to adopt values and ethical principles, and that acts to attain these ends. Man acts; that is, he adopts values and purposes, and chooses the ways to achieve them.

Man, therefore, in seeking goals and ways to attain them, must discover and work within the framework of the natural law: the properties of himself and of other entities and the ways in which they may interact.

*Economic Thought Before Adam Smith*, p. 5

... only forms of natural or higher law theory can provide a radical base outside the existing system from which to challenge the *status quo*; and only such theory furnishes a sense of necessary immediacy to the libertarian struggle by focusing on the necessity of bringing existing criminal rulers to the bar of justice.

*Egalitarianism as a Revolt Against Nature*, p. 25

Man is born naked into the world, and needing to use his mind to learn how to take the resources given him by nature, and to transform them (for example, by investment in “capital”) into shapes and forms and places where the resources can be used for the satisfaction of his wants and the advancement of his standard of living. The only way by which man can do this is by the use of his mind

and energy to transform resources (“production”) and to exchange these products for products created by others. Man has found that, through the process of voluntary, mutual exchange, the productivity and hence the living standards of all participants in exchange may increase enormously. The only “natural” course for man to survive and to attain wealth, therefore, is by using his mind and energy to engage in the production-and-exchange process. He does this, first, by finding natural resources, and then by transforming them (by “mixing his labor” with them, as Locke puts it), to make them his individual property, and then by exchanging this property for the similarly obtained property of others. The social path dictated by the requirements of man’s nature, therefore, is the path of “property rights” and the “free market” of gift or exchange of such rights. Through this path, men have learned how to avoid the “jungle” methods of fighting over scarce resources.

*Egalitarianism as a Revolt Against Nature*, pp. 57–58

The assertion of an order of natural laws discoverable by reason is, by itself, neither pro- nor anti-religious.

*Ethics of Liberty*, p. 4

... natural law is ethical as well as physical law; and the instrument by which man apprehends such law is his reason — not faith, or intuition, or grace, revelation, or anything else.

*Ethics of Liberty*, p. 6

In natural-law philosophy, then, reason is not bound ... to be a mere slave to the passions, confined to cranking out the discovery of the means to arbitrarily chosen ends. For the ends themselves are selected by the use of reason; and “right reason” dictates to man his proper ends as well as the means for their attainment.

*Ethics of Liberty*, p. 7

The world, in fact, consists of a myriad number of observable things, or entities. This is surely an observable fact. Since the world does not consist of one homogenous thing or entity alone, it follows that each one of these different things possesses differing attributes,

otherwise they would all be the same thing. But if A, B, C, etc., have different attributes, it follows immediately that they have different natures. It also follows that when these various things meet and interact, a specifically delimitable and definable result will occur. In short, specific, delimitable causes will have specific, delimitable effects. The observable behavior of each of these entities is the law of their natures, and this law includes what happens as a result of the interactions. The complex that we may build up of these laws may be termed the structure of natural law.

*Ethics of Liberty*, pp. 9–10

... if apples and stones and roses each have their specific natures, is man the only entity, the only being, that cannot have one? And if man does have a nature, why cannot it too be open to rational observation and reflection? If all things have natures, then surely man's nature is open to inspection ...

*Ethics of Liberty*, p. 10

The natural law ethic decrees that for all living things, “goodness” is the fulfillment of what is best for that type of creature; “goodness” is therefore relative to the nature of the creature concerned.

...

In the case of man, the natural-law ethic states that goodness or badness can be determined by what fulfills or thwarts what is best for man's nature.

The natural law, then, elucidates what is best for man — what ends man should pursue that are most harmonious with, and best tend to fulfill, his nature. In a significant sense, then, natural law provides man with a “science of happiness,” with the paths which will lead to his real happiness.

*Ethics of Liberty*, pp. 11–12

... in natural-law ethics, ends are demonstrated to be good or bad for man in varying degrees; value here is objective — determined by the natural law of man's being, and here “happiness” for man is considered in the commonsensical, contentual sense.

*Ethics of Liberty*, p. 12

... the natural law is discovered by reason ... the natural law provides an objective set of ethical norms by which to gauge human actions at any time or place. The natural law is, in essence, a profoundly “radical” ethic, for it holds the existing status quo, which might grossly violate natural law, up to the unsparing and unyielding light of reason. In the realm of politics or State action, the natural law presents man with a set of norms which may well be radically critical of existing positive law imposed by the State ... the very existence of a natural law discoverable by reason is a potentially powerful threat to the status quo and a standing reproach to the reign of blindly traditional custom or the arbitrary will of the State apparatus.

*Ethics of Liberty*, p. 17

The very idea of natural law is essentially “radical” and deeply critical of existing political institutions ... because its principles are universal, fixed, and immutable, and hence are “absolute” principles of justice.

*Ethics of Liberty*, p. 19

... the fact that natural-law theorists derive from the very nature of man a fixed structure of law independent of time and place, or of habit or authority or group norms, makes that law a mighty force for radical change.

*Ethics of Liberty*, p. 20

... natural law is essentially a revolutionary theory ...

*Ethics of Liberty*, p. 23

The critical and unique facts about man and the ways in which he must live to survive — his consciousness, his free will and free choice, his faculty of reason, his necessity for learning the natural laws of the external world and of himself, his self-ownership, his need to “produce” by transforming nature-given matter into consumable forms — all these are wrapped up in what man’s nature is ...

*Ethics of Liberty*, p. 32

... the man who seizes another's property is living in basic contradiction to his own nature as a man. ... man can only live and prosper by his own production and exchange of products. The aggressor, on the other hand, is not a producer at all but a predator; he lives parasitically off the labor and product of others.

*Ethics of Liberty*, p. 50

The State is in no sense required by the nature of man; quite the contrary.

*Ethics of Liberty*, p. 188

Natural law theory rests on the insight that we live in a world of more than one — in fact, a vast number — of entities, and that each entity has distinct and specific properties, a distinct “nature,” which can be investigated by man’s reason, by his sense perception and mental faculties. Copper has a distinct nature and behaves in a certain way, and so do iron, salt, etc. The species man, therefore, has a specifiable nature, as does the world around him and the ways of interaction between them. To put it with undue brevity, the activity of each inorganic and organic entity is determined by its own nature and by the nature of the other entities with which it comes in contact. Specifically, while the behavior of plants and at least the lower animals is determined by their biological nature or perhaps by their “instincts,” the nature of man is such that each individual person must, in order to act, choose his own ends and employ his own means in order to attain them. Possessing no automatic instincts, each man must learn about himself and the world, use his mind to select values, learn about cause and effect, and act purposefully to maintain himself and advance his life. Since men can think, feel, evaluate, and act only as individuals, it becomes vitally necessary for each man’s survival and prosperity that he be free to learn, choose, develop his faculties, and act upon his knowledge and values. This is the necessary path of human nature; to interfere with and cripple this process by using violence goes profoundly against what is necessary by man’s nature for his life and prosperity. Violent interference with a man’s learning and choices is therefore profoundly “antihuman”; it violates the natural law of man’s needs.

*For a New Liberty*, p. 33



... the natural law provides the only sure ground for a continuing critique of governmental laws and decrees.

*For a New Liberty*, p. 36

... human nature often triumphs over the law.

*Irrepressible Rothbard*, p. 28

... only forms of natural or higher law theory can provide a radical base outside the existing system from which to challenge the *status quo*; and only such theory furnishes a sense of necessary immediacy to the libertarian struggle, by focusing on the necessity of bringing existing criminal rulers to the bar of justice. Utilitarians, on the other hand, in abandoning justice for expediency, also abandon immediacy for quiet stagnation and inevitably end up as objective apologists for the existing order.

*Left and Right*, p. 10

... the natural law of what is best for man may be violated but never avoided. The natural law of cause and effect works its inexorable way, and what this means is that bad premises, bad goals and ineffective means, are dysfunctional for man and inevitably wreak their toll. On the other hand, rational premises, values and techniques, lead with equal inexorability to benign results. This means, that over the long run, the dysfunctional must come to a bad end, must cleanse itself and wipe itself out, while only the truly functional and proper can remain and prosper. Any artificial interference in these beneficent natural processes can only delay and distort the results; hence, we have a powerful argument for non-interference in these natural workings.

*Libertarian Forum v. 1*, pp. 174–75

Natural law is once again winning the fight against the schemes of economic dictators.

*Libertarian Forum v. 1*, p. 445

... grave ethical errors are bound to set in when people divorce themselves from natural law ethics and natural rights political philosophy. Natural law ethics is an integrated system which combines

attention to the essence of an act, to its grounding in the nature of man and the universe, and therefore to its natural law consequences.

*Libertarian Forum v. 1, p. 626*

In contrast to other specific sciences or to history, there can be little genuine innovation in philosophy from one decade, or even century, to the next. Philosophy deals with eternal problems through rational discourse ... Moreover, genuine philosophy is only refined common sense, which is in no greater supply now than in ancient Greece. So there is nothing much new that philosophers can legitimately say ...

*Libertarian Forum v. 2, p. 723*

The true rationalist theory was, and is, that reason can discover the natural law of man, and from this can discover the natural rights of liberty.

*Rothbard vs. the Philosophers, p. 63*

## NATURAL SCIENCES

The laws of physics are not themselves evident to our consciousness nor are they directly apparent; their truth rests on the fact that they account for natural phenomena.

*Classical Economics, p. 290*

... the physical sciences are in a position to isolate causal factors in experiments. The physical sciences, then, have to arrive at their axioms by hypothesis and by experimental testing of conclusions deduced from these hypothesized axioms.

*Economic Controversies, p. 114*

... the disciplines of human action are not like the physical sciences. In human affairs, there are no laboratories where variables can be controlled and theories tested, while (unlike the physical sciences) there are no quantitative constants in a world where there is consciousness, freedom of will, and freedom to adopt values and goals and then to change them.

*Economic Controversies, p. 132*

In the physical sciences, the premises are only hypothetical, and logical deductions are made from them. In these cases, there is no purpose in having meaningful propositions at each step of the way, and therefore symbolic and mathematical language is more useful.

*Man, Economy, and State with Power and Market*, p. 75

... physics deals with inanimate objects that move but do not act. The movements of these objects can be investigated as being governed by precise, quantitatively determinate laws, well expressed in terms of mathematical functions. Since these laws precisely describe definite paths of movement, there is no harm at all in introducing simplified assumptions of continuity and infinitely small steps.

Human beings, however, do not move in such fashion, but act purposefully, applying means to the attainment of ends. Investigating causes of human action, then, is radically different from investigating the laws of motion of physical objects. In particular, human beings act on the basis of things that are relevant to their action. The human being cannot see the infinitely small step; it therefore has no meaning to him and no relevance to his action.

*Man, Economy, and State with Power and Market*, p. 306

... it is precisely through this description of constant, quantitative relations in the motion of elements that mathematics renders its great service in natural science. How different is economics, where mathematics, at best, can only inadequately describe a timeless end result!

*Man, Economy, and State with Power and Market*, p. 326

The analogy of a fixed standard of measurement, which had become familiar to the natural sciences (weight, length, etc.), was unthinkingly applied to human action.

*Man, Economy, and State with Power and Market*, p. 843

The use of mathematical functions, which are reversible at will, is appropriate in physics, where we do not know the causes of the observed movements. Since we do not know the causes, any

mathematical law explaining or describing movements will be reversible, and, as far as we are concerned, any of the variables in the function is just as much “cause” as another.

*Man, Economy, and State with Power and Market*, pp. 785–86

## NATURE

... the federal government should get out of the disaster aid business, and FEMA should be abolished forthwith.

*Making Economic Sense*, p. 93

Not only is Labor present at every stage of production, but so also is Nature.

*Man, Economy, and State with Power and Market*, p. 10

In a free society, any piece of nature that has never been used is unowned and is subject to a man’s ownership through his first use or mixing of his labor with this resource.

*Man, Economy, and State with Power and Market*, p. 169

A man cannot produce anything without the cooperation of original nature-given factors, if only as standing room. In order to produce and possess any capital good or consumers’ good, therefore, he must appropriate and use an original nature-given factor. He cannot form products purely out of his labor alone; he must mix his labor with original nature-given factors.

*Man, Economy, and State with Power and Market*, p. 171

... “air” is inappropriable, a condition of human welfare rather than a scarce good that can be owned.

*Man, Economy, and State with Power and Market*, p. 173

Whether or not man lives at the level of poverty or abundance depends upon the success that he and his ancestors have had in grappling with nature and in transforming naturally given resources into capital goods and consumers’ goods.

*Man, Economy, and State with Power and Market*, p. 340

If Nature had originally provided a material Utopia, then all exchangeable goods would be free for the taking, and there would be no need for any labor to earn a money return. This Utopia would also be “preferred,” but it too is a purely imaginary condition. Man must necessarily work within a given real environment of inherited land and durable capital.

*Man, Economy, and State with Power and Market*, p. 635

In a state of raw nature, there is no abundance; in fact, there are few, if any, goods at all. ... Of course, it would be pleasanter for everyone if the nature-given conditions had been far more abundant, but these are vain fantasies. For *vis-à-vis* nature, this is the best of all possible worlds, because it is the only possible one. Man’s condition on earth is that he must work with the given natural conditions and improve them by human action.

*Man, Economy, and State with Power and Market*, p. 654

... if we look at the basic condition of man as he enters the world, it is obvious that the only way to preserve his life and advance himself is to conquer nature — to transform the face of the earth to satisfy his wants. From the point of view of all the members of the human race, it is obvious that only such a conquest is productive and life-sustaining.

*Man, Economy, and State with Power and Market*, pp. 1330–31

## NON-AGGRESSION AXIOM

... the basic axiom of libertarian political theory holds that every man is a self-owner, having absolute jurisdiction over his own body. In effect, this means that no one else may justly invade, or aggress against, another’s person. It follows then that each person justly owns whatever previously unowned resources he appropriates or “mixes his labor with.” From these twin axioms — self-ownership and “homesteading” — stems the justification for the entire system of property rights titles in a free-market society.

*Economic Controversies*, p. 373

Libertarian legal theory holds that A may not use force against B except in self-defense, that is, unless B is initiating force against A.

*Economic Controversies*, p. 377

... all actions are permissible except overt acts of aggression ...

*Economic Controversies*, p. 382

The basic libertarian principle is that everyone should be allowed to do whatever he or she is doing unless committing an overt act of aggression against someone else.

*Economic Controversies*, p. 384

... everyone may do as he wishes provided he does not initiate an overt act of aggression against the person or property of anyone else. Anyone who initiates such aggression must be strictly liable for damages against the victim, even if the action is “reasonable” or accidental.

*Economic Controversies*, pp. 404–05

In libertarian theory, it is only permissible to proceed coercively against someone if he is a proven aggressor, and that aggression must be proven in court (or in arbitration) beyond a reasonable doubt.

*Economic Controversies*, p. 406

... everyone should be able to do what he likes, except if he commits an overt act of aggression against the person and property of another. Only this act should be illegal, and it should be prosecutable only in the courts under tort law ...

*Economic Controversies*, p. 417

The fundamental axiom of libertarian theory is that no one may threaten or commit violence (“aggress”) against another man’s person or property. Violence may be employed only against the man who commits such violence; that is, only defensively against the aggressive violence of another. In short, no violence may be employed against a non-aggressor. Here is the fundamental rule

from which can be deduced the entire *corpus* of libertarian theory.

*Egalitarianism as a Revolt Against Nature*, p. 116

... no one has the right to aggress against the legitimate or just property of another.

*Ethics of Liberty*, p. 52

... the basic rule of the libertarian society [says] that no one has the right to aggress against the legitimate or just property of another.

*Ethics of Liberty*, p. 52

The libertarian creed rests upon one central axiom: that no man or group of men may aggress against the person or property of anyone else. This may be called the “non-aggression axiom.” “Aggression” is defined as the initiation of the use or threat of physical violence against the person or property of anyone else.

*For a New Liberty*, p. 27

All of libertarian political thought follows from the non-aggression principle: that no one, including the government, can aggress against someone else’s person or property.

*Irrepressible Rothbard*, p. 374

Reason dictates the basic legal code of non-aggression against person and property ... the code is simply non-aggression ...

*Libertarian Forum v. 1*, p. 320

As long as one sticks to the non-aggression axiom, one can continue to be a good libertarian.

*Libertarian Forum v. 2*, p. 1135

... people must be free to do whatever they want, and the only illegal action can be the initiation of an act of physical violence against another.

*Libertarian Forum v. 2*, pp. 1181–82

The Law Code of the purely free society would simply enshrine the libertarian axiom: prohibition of any violence against the person or property of another (except in defense of someone's person or property) ...

*Man, Economy, and State with Power and Market*, p. 1053n4

## PACIFISM

... any such total objector to violence must then be consistent and advocate that no criminal ever be punished by the use of violent means. And this implies, let us note, not only abstaining from capital punishment but from all punishment whatsoever, and, indeed, from all methods of violent defense that might conceivably injure an aggressor.

*Ethics of Liberty*, p. 53

Absolute pacifists who also assert their belief in property rights ... are caught in an inescapable inner contradiction: for if a man owns property and yet is denied the right to defend it against attack, then it is clear that a very important aspect of that ownership is being denied to him. To say that someone has the absolute right to a certain property but lacks the right to defend it against attack or invasion is also to say that he does not have total right to that property.

*Ethics of Liberty*, p. 77

To those libertarians who reject violent revolutionary action, either out of moral or strategic principle, I would say this: If you oppose violent action, then you have the profound moral obligation to favor and to press all effective forms of non-violent action. Non-violence must not mean passivity. In the present context, non-violent political action can take numerous effective forms, all of them amounting to irresistible political pressure upon the politicians in Congress and even the executive branch.

*Libertarian Forum v. 1*, p. 117

... an absolute pacifist, a believer in total non-violence, living in the area, would not consider himself protected by, or receiving defense



service from, the police. On the contrary, he would consider any police in his area a detriment to him.

*Man, Economy, and State with Power and Market*, p. 1031

... there can be no genuinely complete pacifism unless the State and other defense agencies are eliminated. This type of anarchism, above all others, rests on an excessively idealistic view of human nature. It could only work in a community of saints.

*Strictly Confidential*, pp. 31–32

## PARASITISM

“State power” is parasitism, exploitation, and the state apparatus in general — organized taxes, regulation, etc.

*Economic Controversies*, p. 677

... instead of living in accordance with the nature of man, the aggressor is a parasite who feeds unilaterally by exploiting the labor and energy of other men. Here is clearly a complete violation of any kind of universal ethic, for man clearly cannot live as a parasite; parasites must have non-parasites, producers, to feed upon. The parasite not only fails to add to the social total of goods and services, he depends completely on the production of the host body. And yet, any increase in coercive parasitism decreases *ipso facto* the quantity and the output of the producers, until finally, if the producers die out, the parasites will quickly follow suit.

Thus, parasitism cannot be a universal ethic, and, in fact, the growth of parasitism attacks and diminishes the production by which both host and parasite survive. Coercive exploitation or parasitism injure the processes of production for everyone in the society. Any way that it may be considered, parasitic predation and robbery violate not only the nature of the victim whose self and product are violated, but also the nature of the aggressor himself, who abandons the natural way of production — of using his mind to transform nature and exchange with other producers for the way of parasitic expropriation of the work and product of others. In the deepest sense, the aggressor injures himself as well as his unfortunate victim.

*Ethics of Liberty*, p. 50

The exploiter, who lives parasitically off the producer by violence, is antisocial, for he is not living according to the best nature of man: by producing and exchanging his produce for the produce of another. He is living by use of violence, one-sidedly and parasitically at the expense of the producer. This is a profoundly antisocial and antihuman relationship. It disrupts the social market and leads it — and with it, civilization and civilized living standards — to crumble into the dust.

*Rothbard vs. the Philosophers*, p. 135

## PLANNING

... you cannot plan markets. By their very nature, you can only set people free so that they can interact and exchange, and thereby develop markets themselves.

*Economic Controversies*, p. 434

State planning, operation, controls, high and crippling taxation, and paper money inflation must all inevitably lead to the collapse of the statist economic system.

*Ethics of Liberty*, p. 269

... central planning, such as is attempted under socialism, is deprived of accurate pricing, and therefore cannot calculate costs and prices.

*For a New Liberty*, p. 247

Plans are his decisions concerning future action, based on his ranking of ends and on his assumed knowledge of how to attain the ends. Every individual, therefore, is constantly engaged in planning. ... It is erroneous, therefore, to assert that a free market society is “unplanned”; on the contrary, each individual plans for himself.

*Man, Economy, and State with Power and Market*, p. 280

Since all action is purposive rather than reflexive, there must always, before an action, have been a decision to act as well as valuations. Therefore, there is always planning.

*Man, Economy, and State with Power and Market*, p. 280n25

Those who advocate socialist “central planning” as the more efficient method of production for consumer wants must answer the question: If this central planning is really more efficient, why has it not been established by profit-seeking individuals on the free market?

*Man, Economy, and State with Power and Market*, pp. 659–60

To those ignorant of economics, it may seem that the way of the market is only anarchic confusion and chaos, while the way of the State constitutes genuine organization and “central planning.”

*Man, Economy, and State with Power and Market*, p. 958

A centrally “planned” economy is a centrally prohibited economy. The concept of “social engineering” is a deceptive metaphor, since in the social realm, it is largely people who are being planned, rather than the inanimate machinery of engineering blueprints. And since every individual is by nature, if not always by law, a self-owner and self-starter — i.e., a self-energizer, this means that central orders, backed up, as they must be under socialism, by force and violence, effectively prohibit all the individuals from doing what they want most or what they believe themselves to be best fitted to do.

*Man, Economy, and State with Power and Market*, pp. 960–61

There are two and only two ways that an economy can be organized. One is by freedom and voluntary choice — the way of the market. The other is by force and dictation — the way of the State. To those ignorant of economics, it may seem that only the latter constitutes real organization and planning, whereas the way of the market is only confusion and chaos. The organization of the free market, however, is actually an amazing and flexible means of

satisfying the wants of all individuals, and one far more efficient than State operation or intervention.

*Man, Economy, and State with Power and Market*, p. 1273

All forms of State planning of the whole economy are types of socialism ...

*Man, Economy, and State with Power and Market*, p. 1274

... the delicate processes of the free market are precisely equipped to handle complex adjustments and interrelations far more efficiently than can any form of statist planning.

*Man, Economy, and State with Power and Market*, p. 1335

## PLATO

Plato pioneered the natural law approach which Aristotle developed and systematized; but the basic thrust was quite different.

*Economic Thought Before Adam Smith*, p. 5

... tried three times unsuccessfully to set up despotic regimes in the city state of Syracuse ...

*Economic Thought Before Adam Smith*, pp. 6–7

Plato's search for a hierarchical, collectivist utopia found its classic expression in his most famous and influential work, *The Republic*. There, and later in *The Laws*, Plato sets forth the outline of his ideal city-state: one in which right oligarchic rule is maintained by philosopher-kings and their philosophic colleagues, thus supposedly ensuring rule by the best and wisest in the community. Underneath the philosophers in the coercive hierarchy are the "guardians" — the soldiers, whose role is to aggress against other cities and lands and to defend their *polis* from external aggression. Underneath them are to be the body of the people, the despised producers: laborers, peasants and merchants who produce the material goods on which the lordly philosophers and guardians are to live. ...

The two ruling classes — the thinkers and the guardians — that really count are, in Plato's ideal state, to be forced to live under pure communism. There is to be no private property whatsoever among the elite; all things are to be owned communally, including women and children. The elite are to be forced to live together and share common meals. Since money and private possessions, according to the aristocrat Plato, only corrupt virtue, they are to be denied to the upper classes. Marriage partners among the elite are to be selected strictly by the state, which is supposed to proceed according to the scientific breeding already known in animal husbandry.

*Economic Thought Before Adam Smith*, pp. 10–11

... Plato contributed to genuine economic science by being the first to expound and analyze the importance of the division of labor in society.

*Economic Thought Before Adam Smith*, p. 11

Plato was perhaps the first theorist to denounce the use of gold and silver as money. ... Plato called for a government fiat currency ...

*Economic Thought Before Adam Smith*, p. 12

One of the hallmarks of an ordered utopia sought by Plato is that, to remain ordered and controlled, it must be kept relatively static. And that means little or no change, innovation or economic growth.

*Economic Thought Before Adam Smith*, p. 12

... one of Plato's arguments for communal property is that it is conducive to social peace, since no one will be envious of, or try to grab the property of, another.

*Economic Thought Before Adam Smith*, p. 13

Plato's ideal [was a] combined philosopher-king ...

*Economic Thought Before Adam Smith*, p. 205

Plato [was a] totalitarian.

*Economic Thought Before Adam Smith*, p. 508

Plato's "Utopia" was the first model for later despotisms — compulsory education and obedience were stressed, there was "communism" of children among the elite "guardians" who also had no private property, and lying was considered a proper instrument for the State to use in its indoctrination of the people.

*Education: Free and Compulsory*, p. 19

[Plato advocated] full State communistic control over the children.

*Education: Free and Compulsory*, p. 45

... Plato is clearly pro-despotism ...

*Strictly Confidential*, p. 68

## POLICE

Police may use such coercive methods provided that the suspect turns out to be guilty, and provided that the police are treated as themselves criminal if the suspect is not proven guilty ... in all cases, police must be treated in precisely the same way as anyone else ... police, in a libertarian society, must take their chances like anyone else; if they commit an act of invasion against someone, that someone had better turn out to deserve it, otherwise they are the criminals.

As a corollary, police can never be allowed to commit an invasion that is worse than, or that is more than proportionate to, the crime under investigation.

*Ethics of Liberty*, pp. 82–83

The policeman who apprehends a criminal and arrests him, and the judicial and penal authorities who incarcerate him before trial and conviction — all should be subject to the universal law. In short, if they have committed an error and the defendant turns out to be innocent, then these authorities should be subjected to the same penalties as anyone else who kidnaps and incarcerates an innocent man.

*For a New Liberty*, p. 109

... any invasion of the property of a noncriminal by anyone should be outlawed, regardless of who committed the deed. The policeman who guessed wrong and thereby aggressed against a noncriminal should therefore be considered just as guilty as any “private” wire-tapper.

*For a New Liberty*, p. 134

Governmental police have not only no incentive to be efficient or worry about their “customers” needs; they also live with the ever-present temptation to wield their power of force in a brutal and coercive manner.

*For a New Liberty*, p. 250

In actual fact there is no absolute commodity called “police protection” any more than there is an absolute single commodity called “food” or “shelter.” ... there are almost infinite degrees of all sorts of protection. For any given person or business, the police can provide everything from a policeman on the beat who patrols once a night, to two policemen patrolling constantly on each block, to cruising patrol cars, to one or even several round-the-clock personal bodyguards.

*For a New Liberty*, pp. 267–68

One big problem a government police force must always face is: what laws really to enforce? Police departments are theoretically faced with the absolute injunction, “enforce all laws,” but in practice a limited budget forces them to allocate their personnel and equipment to the most urgent crimes. ... On the free market, what would be enforced is whatever the customers are willing to pay for.

*For a New Liberty*, pp. 268–69

A free market in police would reward efficient and courteous police protection to customers and penalize any falling off from this standard. No longer would there be the current disjunction between service and payment inherent in all government operations, a disjunction which means that police, like all other govern-

ment agencies, acquire their revenue, not voluntarily and competitively from consumers, but from the taxpayers coercively.

*For a New Liberty*, p. 269

The police, standing as they do for a mythical “society,” are primarily interested in catching and punishing the criminal; restoring the stolen loot to the victim is strictly secondary. To the insurance company and its detectives, on the other hand, the prime concern is recovery of the loot, and apprehension and punishment of the criminal is secondary to the prime purpose of aiding the victim of crime. ...

... it is reasonable to believe that police service in the libertarian society would be supplied by the landowners or by insurance companies. Since insurance companies would be paying benefits to victims of crime, it is highly likely that they would supply police service as a means of keeping down crime and hence their payment of benefits. It is certainly likely in any case that police service would be paid for in regular monthly premiums, with the police agency — whether insurance company or not — called on whenever needed.

*For a New Liberty*, p. 270

To assume that police would continually clash and battle with each other is absurd, for it ignores the devastating effect that this chaotic “anarchy” would have on the business of all the police companies. To put it bluntly, such wars and conflicts would be bad — very bad — for business. Therefore, on the free market, the police agencies would all see to it that there would be no clashes between them, and that all conflicts of opinion would be ironed out in private courts, decided by private judges or arbitrators.

*For a New Liberty*, p. 275

Government is no more necessary for providing vital protection service than it is necessary for providing anything else.

*For a New Liberty*, p. 290



It is clear in our Constitutional heritage that the “police power” in this country belongs only to the state and local governments, and in no sense to the federal government.

*Irrepressible Rothbard*, p. 305

... it might be asked, isn't it a terrible thing to call in the State police for self-defense? Certainly not. While no libertarian enjoys calling upon the State for defense, the fact remains that the State has arrogated to itself a compulsory monopoly of the function of police protection. In such a situation, the State police are the only ones we can call upon for defense. ... To say that calling in the police for defense against crime is immoral is also to say that walking on the streets is immoral or flying on planes is immoral, or sending a letter is immoral, because these are all, unfortunately, monopolized or subsidized by government. If it is moral to use the monopoly Post Office, it is equally moral to use the services of the State police to aid in one's defense against crime. For while the State is the major criminal organization in our society, it is by no means the only one.

*Libertarian Forum v. 1*, pp. 109–10

In a free market, all invasive acts by one person against another's property, either against his person or his material goods, will be combatted by the enforcing agency or agencies.

*Man, Economy, and State with Power and Market*, p. 184

... the force used by police agencies in defending individual freedom — i.e., in defending the persons and property of the citizens — is purely an inhibitory force; it is counterintervention against true, initiatory intervention. While such counter action cannot maximize “social utility” — the utility of everyone in society involved in interpersonal actions — it does maximize the utility of noncriminals, i.e., those who have been peacefully maximizing their own utility without inflicting losses upon others. Should these defense agencies do their job perfectly and eliminate all interventions, then their existence will be perfectly compatible with the maximization of social utility.

*Man, Economy, and State with Power and Market*, p. 885

... the rich benefit less from such services as police protection, since they could more afford to pay for their own than the poor.

*Man, Economy, and State with Power and Market*, p. 924n41

An absolute pacifist, a believer in total non-violence, living in the area, would not consider himself protected by, or receiving defense service from, the police. On the contrary, he would consider any police in his area a detriment to him.

*Man, Economy, and State with Power and Market*, p. 1031

A supply of defense services on the free market would mean maintaining the axiom of the free society, namely, that there be no use of physical force except in defense against those using force to invade person or property. This would imply the complete absence of a State apparatus or government; for the State, unlike all other persons and institutions in society, acquires its revenue, not by exchanges freely contracted, but by a system of unilateral coercion called “taxation.” Defense in the free society (including such defense services to person and property as police protection and judicial findings) would therefore have to be supplied by people or firms who (a) gained their revenue voluntarily rather than by coercion and (b) did not — as the State does — arrogate to themselves a compulsory monopoly of police or judicial protection. Only such libertarian provision of defense service would be consonant with a free market and a free society. Thus, defense firms would have to be as freely competitive and as noncoercive against noninvaders as are all other suppliers of goods and services on the free market. Defense services, like all other services, would be marketable and marketable only.

*Man, Economy, and State with Power and Market*, p. 1048

... supplies of police and judicial service would be provided by insurance companies, because it would be to their direct advantage to reduce the amount of crime as much as possible.

*Man, Economy, and State with Power and Market*, p. 1052

In the purely free-market society, a would-be criminal police or judiciary would find it very difficult to take power, since there would be no organized State apparatus to seize and use as the instrumentality of command.

*Man, Economy, and State with Power and Market*, p. 1054

It is very likely that, in the purely free market, police and judicial services would be sold like insurance, with each member paying regular premiums in return for a call on the benefits of protection when needed. It is obvious that a more risky individual (such as one living in a crime area) would tend to pay a higher premium than individuals in another area.

*Man, Economy, and State with Power and Market*, pp. 1241–42

If the government did permit free competition in defense service, there would soon no longer be a central government over the territory. Defense agencies, police and judicial, would compete with one another in the same uncoerced manner as the producers of any other service on the market. The prices would be lower, the service more efficient. And, for the first and only time, the defense system would then be neutral in relation to the market. It would be neutral because it would be a part of the market itself!

*Man, Economy, and State with Power and Market*, p. 1251

... the pure libertarian must advocate a society where an individual may voluntarily support none or any police or judicial agency that he deems to be efficient and worthy of his custom.

*Strictly Confidential*, p. 26

## POLITICAL PARTIES

... at best there are only two parties, each one close to the other in ideology and personnel, often colluding, and the actual day-to-day business of government headed by a civil service bureaucracy that cannot be displaced by the voters.

*For a New Liberty*, p. 293

... the present-day categories of “left” and “right” have become misleading and obsolete ...

*Left and Right*, p. 7

... in the final analysis, the social philosophies of Liberalism and Conservatism are as alike as Tweedledum and Tweedledee.

*Left and Right*, p. 499

... each new creative Leap Forward in the welfare state is launched by liberals in the Democratic Party. ... The Republicans’ function, on the other hand, has been to complain about the welfare state and then, when in power, to fasten their yoke upon the public by not only retaining the Democratic “advances” but also by expanding them.

The best that we have been able to hope for under Republican administrations is a slight slowing down of the rate of expansion of the welfare state ...

*Making Economic Sense*, p. 78

... the conservative public always tends to put more emphasis on rhetoric than on substance ...

*Making Economic Sense*, p. 79

... the vaunted “two-party” system, much less the Democratic and Republican parties, is not even mentioned, much less enshrined, in the Constitution.

*Making Economic Sense*, p. 111

The cycle works as follows: Democrats engineer a leap forward of activist government, accompanied by “progressive,” “moving America forward again” rhetoric. Then, after a decade or so, the Republicans come in armed with conservative, free-market rhetoric, but in reality only slow down the rate of statist advance. After another decade or so, people become tired of the rhetoric (though not the reality) of the free market, and the time has come for another Leap Forward. The names of the players change, but the reality and the phoniness of the game remains

the same, and no one seems to wake up to the shell game that is going on.

*Making Economic Sense*, p. 117

... the controlling elites of the Republican Party have long had views very similar to those of the Democrats, thus depriving the American public of any genuine philosophical choice.

*Making Economic Sense*, p. 432

... the function of the Republican Party has been to be the “loyal ... moderate,” “bipartisan,” pseudo-opposition to the collectivist and leftist program of the Democratic Party.

*Making Economic Sense*, p. 471

In the political lexicon of modern America, “left-wingers” often advocate freedom in the sense of opposition to autistic intervention, but look benignly on triangular intervention. “Right-wingers,” on the other hand, severely oppose triangular intervention, but tend to favor, or remain indifferent to, autistic intervention. Both groups are ambivalent toward binary intervention.

*Man, Economy, and State with Power and Market*, p. 1060n4

It should be clear that the name of the political party in power is far less important than the particular regime’s financial and banking connections.

*Wall Street, Banks, and American Foreign Policy*, p. ix

## POLITICS

... political philosophy [is] that discipline that deals with the problem of the nature of the State, what the State should and should not do ...

*Economic Controversies*, p. 931

... politics is a matter of concrete decisions, which in contrast to everyday decisions of consumers and business firms, should be

based on general principles. Give up the idea that there are such principles — that is, give up political philosophy — and you are left adrift with no rudder, and no genuine political theory.

*Economic Controversies*, p. 931

Politics is of course an aspect of human action, and much of it has a crucial impact on economic life. Eternal natural law truths about economic aspects of politics may be and have been arrived at ...

*Economic Thought Before Adam Smith*, p. 20

It is often true that political analysts are at their most acute in revealing the flaws in systems with which they disagree.

*Economic Thought Before Adam Smith*, p. 205

Political judgments are necessarily value judgments, political philosophy is therefore necessarily ethical, and hence a positive ethical system must be set forth to establish the case for individual liberty.

*Ethics of Liberty*, p. xlvii

... political philosophy ... is concerned solely with matters of right, and of the proper or improper exercise of physical violence in human relations.

*Ethics of Liberty*, p. 24

... political philosophy is a subdivision of the philosophy of ethics ...

*Ethics of Liberty*, p. 25n2

Political philosophy is that subset of ethical philosophy which deals specifically with politics, that is, the proper role of violence in human life ...

*Ethics of Liberty*, p. 258

... political philosophy — that branch of philosophy that deals with politics, the exercise of regularized violence ...

*For a New Liberty*, p. 66

... the mass of people simply don't have the time for politics or political shenanigans. The average person must spend most of his time on the daily business of life, being with his family; seeing his friends, etc. He can only get interested in politics or engage in it sporadically.

The only people who have time for politics are the professionals: the bureaucrats, politicians, and special interest groups dependent on political rule. They make money out of politics, and so they are intensely interested, and lobby and are active twenty-four hours a day: Therefore, these special interest groups will tend to win out over the uninterested masses.

*Irrepressible Rothbard, p. 7*

... all real-world politics is coalition politics ...

*Irrepressible Rothbard, p. 42*

Our age is all too often a battle over the politics of language, and its Political Correctness ...

*Irrepressible Rothbard, p. 80*

It is the president, any president, who now embodies the Supreme Power, and must be invested with divine attributes to match the scope of his powers. And so in death, every ex-president, regardless of party; of his status or reputation in life, must become clothed in the robes of magnificence, wisdom, and glory.

*Irrepressible Rothbard, p. 89*

In political and social movements, as in sports or war, it is fatal to spend all one's time on the defensive.

*Irrepressible Rothbard, p. 139*

... the whole point of politics is to "divide" people, to separate people by principle and ideology and to have them slug it out, each trying to gain a majority support of the population.

*Irrepressible Rothbard, p. 289*

For the libertarian, other things being equal, the first desideratum is to punish the incumbent. If we cannot yet abolish the office of President, we can at least make a start toward redressing our grievances by ousting the existing tenant for his numerous high and low crimes and misdemeanors. If we cannot punish the President to the full extent of the natural law, we can at least retire him to the private life he so richly deserves. We can establish a new and glorious tradition of the one-term President.

*Libertarian Forum v. 1, p. 221*

In the first place, other things being equal (which, granted, they rarely are), the libertarian always favors the dumping of an incumbent President and party. ... it is always best to overthrow any entrenched machine or President, lest their entrenchment sink ever deeper into society.

*Libertarian Forum v. 1, p. 262*

Politicalization crushes the individual; depoliticalization frees him.

*Libertarian Forum v. 1, p. 275*

In politics, whenever I hear the word “unity,” to paraphrase the famous words of a German politico of the 1930’s, “I reach for my revolver.” For almost always, “unity” is a scam, a call to abandon principle and follow the leader into some form of tyranny or sell-out. ... genuine unity is only viable in a context of shared values and premises. Unity is only proper within a framework of Justice. Anything else is a hoax, a scam, and an implicit call for the betrayal of principle.

*Libertarian Forum v. 2, p. 1128*

Those who succeed in the political struggle will be those most adept at employing coercion and winning favors from wielders of coercion.

*Man, Economy, and State with Power and Market, p. 1256*



... while economics is a self-subsistent, *wertfrei* science, “political science” is not; modern political science is an empty, pretentious, quasi-mathematical set of “model building,” and when we peel away the pretension, we find that “political science” is divisible into two parts: current history of political institutions or political thought, and political philosophy. And the very essence of political philosophy is the carving out of an ethical system — strictly, a subset of ethics dealing with political ethics.

*Rothbard vs. the Philosophers*, p. 106

In politics, one hand washes the other.

*Wall Street, Banks, and American Foreign Policy*, p. 67

## POLLUTION

... statements like “everyone has the right to clean air” are senseless. ...

... no one has a right to clean air, but one does have a right to not have his air invaded by pollutants generated by an aggressor.

*Economic Controversies*, p. 404

... while visible pollutants or noxious odors are *per se* aggression, in the case of invisible and insensible pollutants the plaintiff must prove actual harm ...

*Economic Controversies*, p. 405

Air pollution is a private nuisance generated from one person’s landed property onto another ... where there is no easement and air pollution is evident to the senses, pollution is a tort *per se* because it interferes with the possession and use of another’s air.

*Economic Controversies*, p. 418

... there is a grave problem of the befouling of our air and water resources. But the root of the problem does not lie in capitalist greed, modern technology, or in private property and the free market; on the contrary, it lies, once again, in the fact that government has failed to apply or protect the rights of private property.

*Egalitarianism as a Revolt Against Nature*, p. 186

The rivers are, in effect, unowned, i.e., they have been kept as “public domain” owned by government. Furthermore, by far the biggest culprits in water pollution are the municipally owned sewage disposal systems. Again: government is at the same time the largest polluter, as well as the careless “owner” of the resource.

*For a New Liberty*, p. 91

... the government, as owner of the public domain, “owns” the air. Furthermore, it has been the courts, owned solely by the government, which, as an act of deliberate policy, have for generations failed to protect our property rights in our bodies and orchards from the pollution generated by industry. Moreover, much of the direct pollution comes from government-owned plants.

*For a New Liberty*, p. 92

Government ownership, even socialism, has proved to be no solution to the problem of pollution.

*For a New Liberty*, p. 317

... government ownership is not true ownership, because the government officials, while able to control the resource cannot themselves reap their capital value on the market. Government officials cannot sell the rivers or sell stock in them. Hence, they have no economic incentive to preserve the purity and value of the rivers. Rivers are, then, in the economic sense, “unowned”; therefore government officials have permitted their corruption and pollution.

*For a New Liberty*, p. 318

... only private property rights will insure the end of pollution ...

*For a New Liberty*, p. 318

... government has also been the single most major active polluter ...

*For a New Liberty*, p. 319

The remedy against air pollution is therefore crystal clear ... The remedy is simply for the courts to return to their function of defending person and property rights against invasion, and therefore to enjoin anyone from injecting pollutants into the air.

*For a New Liberty*, p. 322

The libertarian — and the only complete — solution to the problem of air pollution is to use the courts and the legal structure to combat and prevent such invasion.

*For a New Liberty*, p. 324

... when we peel away the confusions and the unsound philosophy of the modern ecologists, we find an important bedrock case against the existing system; but the case turns out to be not against capitalism, private property, growth, or technology *per se*. It is a case against the failure of government to allow and to defend the rights of private property against invasion. If property rights were to be defended fully, against private and governmental invasion alike, we would find here, as in other areas of our economy and society, that private enterprise and modern technology would come to mankind not as a curse but as its salvation.

*For a New Liberty*, p. 327

The central libertarian point on pollution is as follows: Nothing maybe prohibited by arbitrary statute or decree. To prove that one person has harmfully polluted the air of another, the victim or victims must go into court, like all alleged victims of invasion of person or property, and prove invasion of rights beyond a reasonable doubt.

*Libertarian Forum v. 2*, p. 894

Air pollution, then, is not an example of a defect in a system of absolute property rights, but of failure on the part of the government to preserve property rights. Note that the remedy, in a free society, is not the creation of an administrative State bureau to prescribe regulations for smoke control. The remedy is judicial action

to punish and proscribe pollution damage to the person and property of others.

*Man, Economy, and State with Power and Market*, p. 182

## POPPER, KARL

... the Popperites are more nihilistic and therefore even less satisfactory than the original positivists, who at least are allowed to “verify” rather than merely “not falsify.”

*Economic Controversies*, p. 161n1

... a wishy-washy *ad hoc* metaphysician.

*Economic Thought Before Adam Smith*, p. 509

## POPULATION

Historically, indeed, the facts totally contradict the gloomy Malthusian forecasts. Population only tends to rise in response to greater economic growth and prosperity and the consequent rise in living standards, so that population and standards of living tend to move together, rather than in diametric opposition. This rise in population generally comes in response to falling death rates caused by the better nutrition, sanitation, and medical care attendant on higher living standards. The dramatic declines in death rates lead to accelerated population growth (roughly measured by birth rate minus death rate). After a few generations, the birth rate usually falls, as people act to preserve their higher living standards, so that population growth then levels off.

*Economic Thought Before Adam Smith*, p. 198

Population level will, indeed, tend to adapt to maintain cherished standards of living.

*Economic Thought Before Adam Smith*, p. 492

... high concentration of dwelling units per acre and high land coverage are essential to the diversity, growth, and vitality of the best and most generally liked areas of the big cities. ...

... the cities of a century and several centuries ago were far more crowded and unpleasant than they are today by anyone's aesthetic standards.

*Egalitarianism as a Revolt Against Nature*, p. 179

It is high time that we call for the size and shape of the population, urban, rural, or total, to be left alone, to be the result of voluntary action by all individuals in the society. It is high time, in short, ... that we forget about population and concentrate our worries on the numerous ways in which the government and its minions are seeking to place us all in a totalitarian prison-society.

*Libertarian Forum v. 1*, p. 554

... population generally follows movement in standards of living; it doesn't cause them. Population rises when the demand for labor, and living standards rise, and *vice versa*. A rising population is generally a sign of, and goes along with, prosperity and economic development.

*Making Economic Sense*, p. 152

The world, even the Third World, does not suffer from too many people, or from excessive population growth ...

*Making Economic Sense*, p. 153

... without the modern, developed market, and thrown back into isolation, the overwhelming majority of individuals could not obtain enough exchangeable goods to exist at all.

*Man, Economy, and State with Power and Market*, p. 339

At any time, for any given conditions of capital and production processes, there will be an "optimum" population level that will maximize the total output of consumers' goods per head in the economy.

*Man, Economy, and State with Power and Market*, p. 561

... whether a given increase in population at any time will lead to an increase or decrease in real output per head is an empirical

question, depending on the concrete data. It cannot be answered by economic theory.

*Man, Economy, and State with Power and Market*, p. 562

It is fallacious to say that there is overpopulation in some parts of the market and not in others. The theory of “over-” or “under”-population (in relation to an arbitrary maximum of real income per person) applies properly to the market as a whole. If parts of the market are “under-” and parts “over” populated, the problem stems, not from human reproduction or human industry, but from artificial governmental barriers to migration.

*Man, Economy, and State with Power and Market*, p. 1110

... it is precisely in the fixed, noncapitalistic society of status that the Malthusian problem is ever present, at its ugliest, and where Malthusian “checks” to population must come into play.

*Man, Economy, and State with Power and Market*, p. 1316

... eugenics may be defined as encouraging the breeding of the “fit” and discouraging the breeding of the “unfit” ...

*Progressive Era*, p. 314

... the Malthusian problem is always supremely evident in the caste society.

*Rothbard vs. the Philosophers*, p. 128

... capitalism was responsible, in a sense, for the huge increase in population in the modern world. Capitalism’s upsurge in living standards has enabled capitalism to free the world from the Malthusian checks, from the grim evils of overpopulation, and has permitted a rapid multiplication of population at even higher living standards than before.

*Rothbard vs. the Philosophers*, p. 129

## POVERTY

... the existence of free will prevents us from conducting any controlled experiments; for people's ideas and valuations are continually subject to change, and therefore nothing can be held constant.

*Economic Controversies*, p. 18

Poverty can only be abolished through the operation of certain economic factors — notably the investment of savings in capital ...

*Egalitarianism as a Revolt Against Nature*, p. 241

... the natural lot of mankind, at least since our expulsion from Eden, is mass starvation — starvation that can only be overcome by steady hard work, by productive capital investment, and by creating the conditions and social institutions guaranteeing private property free of depredation.

*Irrepressible Rothbard*, p. 192

... violent intervention in the market and a hegemonic society tend to lead to general poverty.

*Man, Economy, and State with Power and Market*, p. 340

State poor relief is clearly a subsidization of poverty, for men are now automatically entitled to money from the State because of their poverty. Hence, the marginal disutility of income forgone from leisure diminishes, and idleness and poverty tend to increase further, which in turn increases the amount of subsidy that must be extracted from the taxpayers. Thus, a system of legally subsidized poverty tends to call forth more of the very poverty that is supposedly being alleviated.

*Man, Economy, and State with Power and Market*, pp. 942–43

Excess wealth has suddenly replaced poverty as the tragic flaw of capitalism.

*Man, Economy, and State with Power and Market*, p. 974

Capitalist production is the only method by which poverty can be wiped out. ... only freedom allows people to produce in the best and most efficient way possible. Force and violence may “distribute,” but it cannot produce. Intervention hampers production, and socialism cannot calculate. Since production of consumer satisfactions is maximized on the free market, the free market is the only way to abolish poverty. Dictates and legislation cannot do so; in fact, they can only make matters worse.

*Man, Economy, and State with Power and Market*, p. 1319

Poverty has been tamed by the enterprise and the capital investment of our ancestors, most of which was undoubtedly done for “selfish” motives. This is a fundamental illustration of the truth enunciated by Adam Smith that we generally help others most in those very activities in which we help ourselves.

*Man, Economy, and State with Power and Market*, p. 1320

The more the hegemonic principle abounds, the greater will be the extent of slavery and poverty.

*Man, Economy, and State with Power and Market*, p. 1366

## POWER

... all power possessed will be used and abused ...

*America's Great Depression*, p. xxviii

Liberty has always been threatened by the encroachments of power, power which seeks to suppress, control, cripple, tax, and exploit the fruits of liberty and production. Power, then, the enemy of liberty, is consequently the enemy of all the other goods and fruits of civilization that mankind holds dear. And power is almost always centered in and focused on that central repository of power and violence: the state.

*Conceived in Liberty v. 1*, p. 10; p. xvi

Once acquiring power, rulers will try their best to keep and extend it.

*Conceived in Liberty v. 2*, p. 194; p. 692



The entire existence and power of the State is wrapped up in the taxation question.

*Economic Controversies*, p. 552

The natural tendency of a State is to expand its power ...

*Egalitarianism as a Revolt Against Nature*, p. 82

... man, not being omnipotent as well as not being omniscient, always finds his power limited for doing all the things that he would like to do. In short, his power is necessarily limited by natural laws, but not his freedom of will.

*Ethics of Liberty*, p. 33

... in a free society, no man would be permitted (or none would permit himself) to invade the property of another. This would mean that his power of action would be limited; as man's power is always limited by his nature; it would not mean any curtailment of his freedom. For if we define freedom, again, as the absence of invasion by another man of any man's person or property, the fatal confusion of freedom and power is at last laid to rest.

*Ethics of Liberty*, p. 42

... what works to increase state power does not work in reverse.

*Irrepressible Rothbard*, p. 10

... if the government is given power, the power will be used and abused ...

*Libertarian Forum v. 1*, p. 614

... there is equality in the sense that each person has equal power to make his own exchange-decisions. This is in contrast to a hegemonic relationship, where power is asymmetrical — where the dictator makes all the decisions for his subjects except the one decision to obey, as it were, at bayonet point.

*Man, Economy, and State with Power and Market*, p. 91

... man's range or power of action, dependent on his ability and the exchange-value of his property, is something completely distinct from his freedom.

*Man, Economy, and State with Power and Market*, p. 655

"Economic power," then, is simply the right under freedom to refuse to make an exchange. Every man has this power. Every man has the same right to refuse to make a proffered exchange.

*Man, Economy, and State with Power and Market*, p. 1327

... the libertarian doctrine, which proclaims a natural right of defense against political power, is coherent and meaningful, but any proclaimed right of defense against "economic power" makes no sense at all.

*Man, Economy, and State with Power and Market*, p. 1329

... an individual's power is his ability to control his environment in order to satisfy his wants.

*Man, Economy, and State with Power and Market*, p. 1330

Power over nature is the sort of power on which civilization must be built; the record of man's history is the record of the advance or attempted advance of that power. Power over men, on the other hand, does not raise the general standard of living or promote the satisfactions of all, as does power over nature. By its very essence, only some men in society can wield power over men. Where power over man exists, some must be the powerful, and others must be objects of power. But every man can and does achieve power over nature.

*Man, Economy, and State with Power and Market*, p. 1330

Power of one man over another cannot contribute to the advance of mankind; it can only bring about a society in which plunder has replaced production, hegemony has supplanted contract, violence and conflict have taken the place of the peaceful order and harmony of the market. Power of one man over another is parasitic rather than creative, for it means that the nature conquerors are

subjected to the dictation of those who conquer their fellowman instead. ...

The libertarian doctrine, then, advocates the maximization of man's power over nature and the eradication of the power of man over man. Statists, in elevating the latter power, often fail to realize that in their system man's power over nature would wither and become negligible.

*Man, Economy, and State with Power and Market*, p. 1331

... power always tends to be used ...

*What Has Government Done to Our Money?*, p. 98

## PRAXEOLOGY

... the proper method in the social sciences is not mathematical equations but the drawing forth, or deduction, of the implicit properties contained in basic "original" or axiomatic truths — in short, the method of praxeology.

*Classical Economics*, p. 7

The Austrian methodology ("praxeology") sticks close in its axioms to universally realistic common insights into the essence of human action, and deduces truths only from such evidently true propositions or axioms.

*Classical Economics*, p. 79

Praxeology, as well as the sound aspects of the other social sciences, rests on methodological individualism, on the fact that only individuals feel, value, think, and act.

*Economic Controversies*, p. 72

Praxeology rests on the fundamental axiom that individual human beings act, that is, on the primordial fact that individuals engage in conscious actions toward chosen goals. This concept of action contrasts to purely reflexive, or knee-jerk, behavior, which is not directed toward goals. The praxeological method spins out by verbal deduction the logical implications of that primordial fact. In

short, praxeological economics is the structure of logical implications of the fact that individuals act. This structure is built on the fundamental axiom of action ... all propositions that can be deduced from this axiom must also be true.

*Economic Controversies*, p. 60

... praxeology consists of the logical implications of the universal formal fact that people act, that they employ means to try to attain chosen ends.

*Economic Controversies*, p. 71

Praxeology, economic theory, cannot itself establish ethical judgments. ... praxeology is not grounded on any value judgments of the praxeologist ...

*Economic Controversies*, p. 81

The fundamental praxeological axiom is that individual human beings act. Praxeology reveals the implications of the concept of "action." Action results from the fact that the individual "actor" believes that there are other states of being preferable to the one in which he is at present, and from his belief that he may take certain steps which will bring him to a more satisfactory state. Given these preferences and "technological" ideas, the individual acts upon them in order to arrive at a more satisfactory state. The preferred state which the actor expects to attain is his "end"; the steps by which the actor attempts to attain his goal are the "means." It is this praxeological concept of action that distinguishes the observed movements of men from those of inorganic matter.

*Economic Controversies*, p. 113

... the fundamental axioms of praxeology are known from the beginning, so that substantive conclusions may be drawn by means of logical deduction. In human historical events, however, causal factors cannot be experimentally isolated, so that the historian must explain by the use of judgment which praxeological laws apply in the particular situation.

*Economic Controversies*, p. 114

The word praxeology means precisely what its etymology says: the logic of (human) action. All of economic theory can be deduced from the central axiom that human beings act — that they pursue means in order to arrive at ends.

*Economic Controversies*, p. 171

Praxeology is economic theory resting on a few broad, self-evident axioms grounded in apprehension of reality, then logically deducing the implications of these emphatically true axioms. But if A implies B, C, etc., and A is definitely true, the deductions can be accepted as truths as well.

*Economic Thought Before Adam Smith*, p. 324

... the Misesian discipline of praxeology explicitly states that individual men consciously pursue goals, and choose means to try to attain them.

*Making Economic Sense*, p. 32

Praxeology and economics deal with any given ends and with the formal implications of the fact that men have ends and employ means to attain them.

*Man, Economy, and State with Power and Market*, p. 73

praxeology and economics are logical chains of reasoning based on a few universally known premises ... Praxeology asserts the action axiom as true, and from this (together with a few empirical axioms — such as the existence of a variety of resources and individuals) are deduced, by the rules of logical inference, all the propositions of economics ...

*Man, Economy, and State with Power and Market*, p. 75

Praxeology, however, is a logical science based on the existence of action *per se*; it is interested in explaining and interpreting real action in its universal sense rather than in its concrete content. Its discussion of value scales is therefore a deduction from the nature of human action and not a speculative essay on the internal workings of the mind. ...

... praxeology is based on a fundamental distinction between human action and the motion of inorganic matter, namely, that human action is motivated toward the achievement of certain ends. Means and resources are used for the achievement of these ends. Far from leaving mind out of the picture, praxeology rests fundamentally on the basic axiom of action, action caused and put into effect by human minds.

*Man, Economy, and State with Power and Market*, p. 308

The major function of praxeology — of economics — is to bring to the world the knowledge of these indirect, these hidden, consequences of the different forms of human action.

*Man, Economy, and State with Power and Market*, p. 1025

Praxeology cannot, by itself, pass ethical judgment or make policy decisions.

*Man, Economy, and State with Power and Market*, p. 1025

... praxeology does not assume the existence of an “economic man” ...

*Man, Economy, and State with Power and Market*, p. 1229

The doctrines of praxeology are deduced from three universally acceptable axioms: the major axiom of the existence of purposive human action; and the minor postulates, or axioms, of the diversity of human skills and natural resources, and the disutility of labor. Although it is possible to construct an economic theory of a society without these two minor axioms (but not without the major one), they are included in order to limit our theorizing to laws that can apply directly to reality.

*Man, Economy, and State with Power and Market*, p. 1309

I would consider the fundamental axioms of praxeology as based empirically on the nature of man rather than on “the logical structure of the human mind” as Mises does ...

*Rothbard vs. the Philosophers*, p. 108

## PRICE

Once a good comes into use as a money, the market expands rapidly, and the economy becomes remarkably more productive and prosperous. The reason is that the price system becomes enormously simplified. A “price” is simply the terms of exchange, the ratio of the quantities of the two goods being traded.

*Case Against the Fed*, p. 14

... middlemen no more “exploit” their customers or suppliers than does any other group on the free market. All prices, whether selling or purchasing, are set by supply and demand in the ultimate service of consumers.

*Conceived in Liberty v. 2*, p. 84; p. 582

In the market economy, qualitative knowledge can be transmuted, by the free price system, into rational economic calculation of quantitative prices and costs, thus enabling entrepreneurial action on the market.

*Economic Controversies*, p. 188

The market does not form prices proportional to incomes; the market is characterized by uniform pricing, by a strong tendency toward the same price for the same good or service regardless of the income or personality of the buyer.

*Economic Controversies*, p. 495

One of the great things about the market is that every good or service tends to be at one price: regardless of the race, creed, personality, or income of the customer.

*Economic Controversies*, p. 547

... price is the ratio of quantities of two commodities being exchanged.

*Economic Controversies*, p. 767

... money-prices are indispensable for the rational allocation of all of our scarce resources — labor, land, and capital goods — to the fields and the areas where they are most desired by the consumers and where they could operate with greatest efficiency.

*Egalitarianism as a Revolt Against Nature*, pp. 201–02

What exactly is a price? The price of any given quantity of a product is the amount of money the buyer must spend on it. ... the buyer with money and the seller with bread. It should be clear that the interaction of both sides brings about the ruling price in the market.

*For a New Liberty*, p. 218

Every price is simply the terms of an exchange on the market, an exchange with money on one side and some good or service on the other.

*Libertarian Forum v. 1*, p. 230

The free price system, the free fluctuation of all prices, wages, and rents ... is the heart and soul of the functioning of the market economy ... each and every price, of the innumerable prices of all varieties of goods and services in the economy, reflect the individual forces of supply and demand. ... all prices, including wages and rents — are a sensitive and ever responding indicator to the changes in the underlying forces of supply and demand. A free price system leads businessmen in pursuit of profit and in avoidance of loss, to produce most efficiently those products most desired by the mass of consumers. Cripple that system and the intricate price mechanism for conveying signals and information to producers is destroyed. The economy, is then at sea without a rudder, with nothing to tell the producers what they should produce and what means of producing are most efficient.

*Libertarian Forum v. 1*, p. 231

Free-market prices don't change that much in one day.

*Libertarian Forum v. 1*, p. 437



If the price system is allowed to function, then the free market quickly wipes out any shortage as the price rises to “clear” supply and demand on the market. ... If prices are allowed to rise, then the price increase performs two important economic functions: (1) the “rationing” function, as buyers voluntarily restrict their purchases, in accordance with each individual buyer’s needs and abilities; and (2) the incentive function, the higher price stimulating increased production and supply over a period of time. Price control prevents both of these crucial functions from being performed, smoothly and voluntarily; instead, shortages persist and intensify.

*Libertarian Forum v. 1, p. 438*

... on the free market, regardless of the stringency of supply, there is never any “shortage,” that is, there is never a condition where a purchaser cannot find supplies available at the market price. On the free market, there is always enough supply available to satisfy demand. The clearing mechanism is fluctuations in price.

*Libertarian Forum v. 2, p. 765*

The consumer sees the product, evaluates it, and ranks it on his value scale. These utilities to consumers interact to form a market demand. Market supply is determined by the expected demand, and the two interact to determine market price.

*Ludwig von Mises: Scholar, Creator, Hero, p. 8*

All resources, indeed all goods and services, are scarce, and they are all subject to competition for their use. That’s why there is a system of private property and free market exchange. If all resources are privatized, they will be allocated to the most important uses by means of a free-price system, as the bidders able to satisfy the consumer demands in the most efficient ways are able to out-compete less able bidders for these resources.

*Making Economic Sense, pp. 91–92*

... pricing on the market is not an act of will by sellers. Businessmen do not determine their selling prices on the basis of whether they feel greedy or “responsible” that morning. The entire apparatus of

economic theory, built up over centuries, is devoted to demonstrating a great truth: that prices are set only by the demand of purchasers (how much of a good or service purchasers will buy at any given price), and by the supply or stock of the good.

*Making Economic Sense*, p. 390

The price of one good in terms of another is the amount of the other good divided by the amount of the first good in exchange. ... The price is the rate of exchange between two commodities expressed in terms of one of the commodities.

*Man, Economy, and State with Power and Market*, p. 103

... the minimum selling price of the seller must be lower than the maximum buying price of the buyer for that good.

*Man, Economy, and State with Power and Market*, p. 108

... the price of the good in isolated exchange will be established somewhere between the maximum buying price and the minimum selling price ...

*Man, Economy, and State with Power and Market*, p. 109

... the price in the exchange will be high enough to exclude the “less capable” or “less urgent” buyer — the one whose value scale does not permit him to offer as high a price as the other, “more capable,” buyer. We do not know exactly what the price will be, but we do know that it will be set by bargaining somewhere at or below the maximum buying price of the most capable buyer and above the maximum buying price of the next most capable buyer.

*Man, Economy, and State with Power and Market*, p. 110

... regardless of the form of the market, the result of the market process is always to tend toward the establishment of the equilibrium price via the mutual bidding of buyers and sellers.

*Man, Economy, and State with Power and Market*, p. 119

... price is determined solely by utility. ... the fundamental determinants of price are the value scales of all individuals (buyers and sellers) in the market ...

*Man, Economy, and State with Power and Market*, p. 141

The money price of a good in an exchange, therefore, is the quantity of units of gold, divided by the quantity of units of the good, yielding a numerical ratio.

*Man, Economy, and State with Power and Market*, p. 234

... there will always be a tendency on the market for one money price to be established for each good.

*Man, Economy, and State with Power and Market*, p. 235

The money price is determined by actions decided according to individual value scales.

*Man, Economy, and State with Power and Market*, p. 238

The money price on the market will tend to be set at the equilibrium price ...

*Man, Economy, and State with Power and Market*, p. 247

... the sellers who are included in the sale at the equilibrium price are those whose value scales make them the most capable, the most eager, sellers. Similarly, it will be the most capable, or most eager, buyers who will purchase the good at the equilibrium price.

*Man, Economy, and State with Power and Market*, p. 257

... value scales of the various buyers and sellers determine the individual supply-demand schedules and hence all money prices ...

*Man, Economy, and State with Power and Market*, p. 269

... the price of any good on the market will tend to be uniform throughout the market. The price is determined by supply and demand schedules, which are themselves determined by the value scales of the individuals in the market.

*Man, Economy, and State with Power and Market*, p. 320

... the determinants of price are only the subjective utilities of individuals in valuing given conditions and alternatives. There are no “objective” or “real” costs that determine, or are coordinate in determining, price.

*Man, Economy, and State with Power and Market*, p. 343

... prices of consumers’ goods, through market processes, determine the prices of productive factors ...

*Man, Economy, and State with Power and Market*, p. 564

... whatever price the free market (unhampered by violence or the threat of violence) establishes will be the “best” price.

*Man, Economy, and State with Power and Market*, p. 661

... every seller, as we have repeatedly stated, will attempt to sell his produce for the highest possible price; similarly, every buyer will attempt to purchase goods at the lowest possible price. It is precisely the voluntary interaction of these buyers and sellers that establishes the entire supply and demand structure for consumers’ and producers’ goods.

*Man, Economy, and State with Power and Market*, p. 663

Any good is always scarce and therefore must always command a price in accordance with the demand for it and the supply available. The only “free goods” on the market are not goods at all, but abundant conditions of human welfare that are not the subject of human action.

*Man, Economy, and State with Power and Market*, p. 1205

... the only possible objective criterion for the just price is the market price. For the market price is, at every moment, determined by the voluntary, mutually agreed-upon actions of all the participants in the market. It is the objective resultant of every individual’s subjective valuations and voluntary actions, and is therefore the only existent objective criterion for “quantitative justice” in pricing.

... The market price is the just price, given the pattern of consumer preferences. Furthermore, this just price is the concrete,

actual market price, not equilibrium price, which can never be established in the real world, nor the “competitive price,” which is an imaginary figment.

*Man, Economy, and State with Power and Market*, pp. 1214–15

A price is simply the ratio of the two quantities exchanged in any transaction.

*Mystery of Banking*, p. 8

... all products are scarce in relation to their possible use, which is the reason they command a price on the market at all. Price, on the free market, performs a necessary rationing function, in which the available pounds or bushels or other units of a good are allocated freely and voluntarily to those who are most willing to purchase the product.

*Mystery of Banking*, p. 23

Through the free price systems, consumers signal laborers, capitalists, and businessmen on which occupations are most urgently needed, and the intricate, automatic workings of the price system convey these messages to everyone, thereby creating an efficient, smoothly working economy. There is one and only one alternative to voluntary directions under a free price system: and that is government dictation. And this dictation is not only bad because it violates the tradition of individual freedom and free enterprise on which American greatness is built; it is also bad because it is inevitably inefficient and self-destructive.

*Science, Technology, and Government*, p. 17

... the very concept of “shortage” makes little sense except in relation to price ...

*Science, Technology, and Government*, p. 30

... a price is simply an exchange-ratio ...

*What Has Government Done to Our Money?*, p. 23

## PRICE CONTROL

When goods become scarce (as under nonimportation agreements) the free market price rises to account for the greater scarcity. Putting the matter into such pseudo-moralistic terms as “taking unfair advantage” of the scarcity, completely ignores the “rationing” function of the price system. If prices do not rise to reflect increased scarcity, then the goods will soon disappear and not be available at all to those clamoring to buy. Consumers as well as producers are gravely injured by this form of price control.

*Conceived in Liberty v. 3*, p. 305; p. 1069

It is a praxeological law that if the government (or any other agency exercising the power of violence) intervenes in the market to establish a valuation of any commodity below what would be the market valuation, a shortage of the commodity develops.

*Economic Controversies*, p. 115

Economic theory tells us the myriad evils that stem from any attempt at price controls of goods and services. Maximum price controls lead to artificially created shortages of the product; minimum controls lead to artificial unsold surpluses. There is a ready cure for these economic ills; they are caused not by processes deep within the free market economy, but by arbitrary government intervention into the market. Remove the controls, let market processes have full sway, and shortages and surpluses will disappear.

*Economic Controversies*, p. 741

... if two or more moneys are legally fixed in relative value by the government, then the money overvalued by the government will drive the undervalued money out of circulation. ... Gresham's law is the product not of the free market but of government monetary control. Its fixing of relative money value is a special case of the general consequence of any price control, i.e., shortage of a good in which maximum prices are imposed, and a “surplus” where a minimum price is enforced.

*Economic Thought Before Adam Smith*, pp. 75–76

... on the market, a “shortage” can only be the consequence of an artificially low price of a good.

*History of Money and Banking in the United States*, p. 359

Pumping in more money while imposing direct price controls and hoping there by to stem inflation is very much like trying to cure a fever by holding down the mercury column in the thermometer.

*Libertarian Forum v. 1*, p. 174

Price and wage controls do not work ... they tackle only the symptoms and not the causes of inflation ... controls do not halt inflation but only bring about shortages, distortions, disruptions, and black markets.

*Libertarian Forum v. 1*, p. 229

... any direct control ... of prices strikes at the heart of the effective working of our economy, and will act to reduce the economic system to chaos.

*Libertarian Forum v. 1*, p. 231

Actually, the “black market” is simply the market, the free market, trying desperately to emerge in the midst of the crippling network of controls.

*Libertarian Forum v. 1*, p. 232

As shortages pile up from the price controls, we can expect the next totalitarian advance: rationing. ... Compulsory rationing will perpetuate the shortage.

*Libertarian Forum v. 1*, p. 233

... no single act is more destructive of a free economy than price-wage controls ...

... Price controls take some time for their flaws and distortions to develop: for the longer they last, the more do their controlled prices diverge from the prices that would be obtaining on the free market.

*Libertarian Forum v. 1*, p. 350

There is one and only one possible cause of the phenomenon of a shortage, and that is government price control below the market. ... a shortage can only be caused by price control.

Economists define a “shortage” as a condition where consumers are not able to find the product. Regardless of how scarce the supply of a product may be, there is never any need for a shortage, for a disappearance of the product from the shelves. For on the free market, if a product becomes more scarce, the price rises until the market is “cleared,” i.e., until there is sufficient supply available for, those who wish to purchase the product at the market price. And so, if the free price system is permitted to operate, increased scarcity will cause a higher price, but not an outright disappearance, or “shortage,” of the product. ...

Shortages are solely the product of price controls, of not permitting the free market mechanism to function. The bigger the discrepancy between the government controlled price and the free market price, the bigger the shortage.

*Libertarian Forum v. 1, p. 437*

... wage-price controls have always failed and have only caused widespread hardship and shortages.

*Libertarian Forum v. 1, p. 525*

From price controls comes shortage and then despotic rationing ...

*Libertarian Forum v. 2, p. 738*

... in every culture, price controls have never worked. They have always been a disaster.

*Making Economic Sense, p. 124*

Imposing controls to stop a price increase is like trying to cure a fever by pushing down the mercury on a thermometer. They work on the symptoms instead of the causes. As a result, controls do not stop price increases; they create consumer shortages, misallocations, and drive the price increases underground into black markets. The consumers wind up far worse off than before.

*Making Economic Sense, pp. 391–92*



Under price control, the State prohibits any pair of individuals from making an exchange below or above a certain fixed rate ...

*Man, Economy, and State with Power and Market*, p. 878

... the indirect consequence of a price control is to cause unexpected shortages of the product. *Ex post*, many of the interveners themselves will feel that they have lost rather than gained in utility.

*Man, Economy, and State with Power and Market*, p. 891

... while the effect of a maximum price is to create an artificial shortage, a minimum price creates an artificial unsold surplus ...

*Man, Economy, and State with Power and Market*, p. 894

If the government were really worried about the short supply of certain products, it would go out of its way not to impose maximum price controls upon them.

*Man, Economy, and State with Power and Market*, p. 894

A general price minimum is equivalent to a maximum control on the PPM. This sets up an unsatisfied, excess, demand for money over the stock of money available — specifically, in the form of unsold stocks of goods in every field.

*Man, Economy, and State with Power and Market*, p. 896

The announced aim of a maximum price control is to benefit the consumer by giving him his supply at a lower price; yet the objective effect is to prevent many consumers from having the good at all. The announced aim of a minimum price control is to insure higher prices to the sellers; yet the effect will be to prevent many sellers from selling any of their surplus. Furthermore, the price controls inevitably distort the production and allocation of resources and factors in the economy, thereby injuring again the bulk of consumers. And we must not overlook the army of bureaucrats who must be financed by the binary intervention of taxation and who must administer and enforce the myriad of regulations. This army, in itself, withdraws a mass of workers from productive labor and

saddles them onto the remaining producers — thereby benefiting the bureaucrats, but injuring the rest of the people.

*Man, Economy, and State with Power and Market*, p. 900

The principles of maximum and minimum price control apply to all prices, whatever they may be: consumer goods, capital goods, land or labor services, or the “price” of money in terms of other goods.

*Man, Economy, and State with Power and Market*, p. 1080

Usury laws are another form of price control tinkering with the market. These laws place legal maxima on interest rates, outlawing any lending transactions at a higher rate. The amount and proportion of saving and the market rate of interest are basically determined by the time-preference rates of individuals. An effective usury law acts like other maxima — to induce a shortage of the service. For time preferences — and therefore the “natural” interest rate — remain the same. The fact that this interest rate is now illegal means that the marginal savers — those whose time preferences were highest — now stop saving, and the quantity of saving and investing in the economy declines. This results in lower productivity and lower standards of living in the future. ...

Usury laws are designed, at least ostensibly, to help the borrower, particularly the most risky borrower, who is “forced” to pay high interest rates to compensate for the added risk. Yet it is precisely these borrowers who are most hurt by usury laws.

*Man, Economy, and State with Power and Market*, p. 1084

... money overvalued artificially by government will drive out of circulation artificially overvalued money.

*What Has Government Done to Our Money?*, p. 19

Government imposes price controls largely in order to divert public attention from governmental inflation to the alleged evils of the free market.

*What Has Government Done to Our Money?*, p. 59

## PRIVATIZATION

... every single one of the services supplied by government has been, in the past, successfully furnished by private enterprise.

*Economic Controversies*, p. 426

... a law or edict limiting or freezing the government itself is not an act of intervention into the economy or society. Quite the contrary.

*Economic Controversies*, pp. 439–40

... the most important desideratum, the crucial route for attaining a system of private property and free market, must be to privatize government operations.

*Economic Controversies*, pp. 440–41

... desocialization must involve the abolition, not the privatization, of such operations as (in addition to concentration camps and secret police facilities) all regulatory commissions, central banks, income tax bureaus, and, of course, all the bureaus administering those functions that are going to be privatized.

*Economic Controversies*, p. 441

... genuine privatization requires complete private property ...

*Economic Controversies*, p. 443

Desocialization, and a move to a free society, necessarily involves the action of that government's surrendering its property to its private subjects, and freeing those individuals from the government's network of controls. In a deep sense, getting rid of the socialist state requires that state to perform one final, swift, glorious act of self-immolation, after which it vanishes from the scene.

*Economic Controversies*, p. 446

It is not advocating statism to call for the government's repeal of its own interventions.

*Economic Controversies*, p. 767

... those government operations which supply or monopolize genuine goods and services should be privatized — e.g., carrying the mail, supplying streets and roads, putting out fires. But other government activities, which are counterproductive and destructive to the market — e.g., the IRS, government regulatory commissions, concentration camps for dissenters — should not be privatized but abolished.

*Economic Controversies*, p. 889

I'm in favor of privatizing everything ...

*Irrepressible Rothbard*, p. 29

... the most practical method of de-statizing is simply to grant the moral right of ownership on the person or group who seizes the property from the State. Of this group, the most morally deserving are the ones who are already using the property but who have no moral complicity in the State's act of aggression. These people then become the "homesteaders" of the stolen property and hence the rightful owners.

*Libertarian Forum v. 1*, p. 27

Privatization is a great and important good in itself. Another name for it is "desocialization." Privatization is the reversal of the deadly socialist process that had been proceeding unchecked for almost a century. It has the great virtue of taking resources from the coercive sector, the sector of politicians and bureaucrats — in short, the nonproducers — and turning them over to the voluntary sector of creators and producers. The more resources remain in the private, productive sector, the less a dead weight of parasitism will burden the producers and cripple the standard of living of consumers.

*Making Economic Sense*, p. 144

Free-market advocates are clear about what should be done about government services and operations: they should be privatized.

*Making Economic Sense*, p. 146

... privatize the public sector, and the noteworthy squalor would rapidly disappear.

*Making Economic Sense*, p. 212

... activities such as fraud, embezzlement, or counterfeiting should not be privatized; they should be abolished.

*Making Economic Sense*, p. 290

... all state firms and operations should be privatized immediately — the sooner the better. ...

The proper way to privatize is ... a radical one: allowing their present users to “homestead” these assets, for example, by granting prorata negotiable shares of ownership to workers in the various firms.

*Making Economic Sense*, p. 425

## PROBABILITY

The frequency theory implies that to say the probability of a die showing “three” is “one-sixth” means that, if a die is thrown a great many times, the number of occasions on which “three” is obtained will approach one out of every six throws. But this means, that numerical and mathematical probability theory cannot really apply to each single case, but only to the proportion of randomly-selected homogeneous events as tossing a coin or throwing a die. This fact is much more true of the unique, non-random events of ordinary human (and entrepreneurial) action ... mathematical probability theory can never be applicable to economics, or to any other study of human action.

*Economic Controversies*, p. 27

... the concept of “probability distribution” can only be used for events that are homogeneous, random [path-independent], and infinitely replicable. But the events in the world of human action are almost exactly opposite: they are almost all heterogeneous, not random [path-dependent] and hardly replicable at all. Furthermore, even in the highly unlikely event that these conditions did

apply, class probabilities could not at all be used to explain or predict events, which is what we face in human life.

*Economic Controversies*, p. 173n15

In the real world of human action, virtually all historical events are unique and heterogeneous, though often similar, to all other historical events. Since each event is unique and nonreproducible, it is impermissible to apply objective probability theory; expectations and forecasting become a matter of subjective estimates of future events, estimates that cannot be reduced to an objective or “scientific” formula. Calling two events by the same name does not make them homogeneous.

*Economic Controversies*, p. 258

Numerical probability can be assigned only to situations where there is a class of entities, such that nothing is known about the members except they are members of this class, and where successive trials reveal an asymptotic tendency toward a stable proportion, or frequency of occurrence, of a certain event in that class. There can be no numerical probability applied to specific individual events.

Yet, in human action, precisely the opposite is true. Here, there are no classes of homogeneous members. Each event is a unique event and is different from other unique events. These unique events are not repeatable. Therefore, there is no sense in applying numerical probability theory to such events.

*Economic Controversies*, pp. 308–09

... the probability fraction can be meaningfully used only when it embodies an empirically derived law of entities which are homogeneous, random, and indefinitely repeatable.

This means, of course, that probability theory can only be applied to events which, in human life, are confined to those like the lottery or the roulette wheel.

*Keynes, the Man*, p. 176

... a crucial fact of human history is that all historical events are interconnected, that cause and effect patterns permeate human events, that very little is homogeneous, and that nothing is random.

*Making Economic Sense*, p. 27

The efforts of many popular writers to apply mathematical “probability theory” to the uncertainty of future historical events are completely vain.

*Man, Economy, and State with Power and Market*, p. 60n36

“Class probability” is the only scientific use of the term “probability,” and is the only form of probability subject to numerical expression.

*Man, Economy, and State with Power and Market*, p. 553

## PRODUCTION

Man cannot create matter; he can only transform it into different shapes and molds, in order to satisfy his wants more fully. Production is this very transformation process. In the sense of such transformation, all labor is productive ...

*Classical Economics*, p. 21

Production is a structure of stages, a latticework that moves from the most “roundabout” processes of production — the stages of production most remote from the consumers — down to nearer processes, and finally down to the production and sale of goods and services to the ultimate consumers.

*Economic Controversies*, p. 450

... production takes place in many stages, and involves an ever-greater structure of capital ... we would not be able to replace depreciating capital were it not for the growing structure of capital invested by our ancestors, improving our living standards.

*Economic Controversies*, p. 596

... there are only two ways for men to acquire wealth. The first method is by producing a good or a service and voluntarily exchanging that good for the product of somebody else. This is the method of exchange, the method of the free market; it's creative and expands production; it is not a zero-sum game because production expands and both parties to the exchange benefit. ... The second method is seizing another person's property without his consent, i.e., by robbery, exploitation, looting. When you seize someone's property without his consent, then you are benefiting at his expense, at the expense of the producer; here is truly a zero-sum "game" — not much of a "game," by the way, from the point of view of the victim.

*Economic Controversies*, p. 675

... men are not floating wraiths; they are beings who can only survive by grappling with and transforming material objects.

*Ethics of Liberty*, p. 47

... man must use various indirect means as cooperating factors of production to arrive at the direct means. This necessary process involved in all action is called production; it is the use by man of available elements of his environment as indirect means — as co-operating factors — to arrive eventually at a consumers' good that he can use directly to arrive at his end.

*Man, Economy, and State with Power and Market*, pp. 8–9

... any process (or structure) of production may be analyzed as occurring in different stages.

*Man, Economy, and State with Power and Market*, p. 10

The length of the process of production is the entire length of time from the point at which an actor must begin his labor to the point at which the consumers' good is yielded.

*Man, Economy, and State with Power and Market*, p. 52



The period of production will be equal to the time difference between the act of saving and the act of future consumption, as in all other cases of investment.

*Man, Economy, and State with Power and Market*, p. 70n42

... the essence of specialized production is anticipation of the future state of the market by the producers. In deciding whether or not to produce a certain quantity of stock by a future date, the producer must use his judgment in estimating the market price at which he will be able to sell his stock. ... Each producer tries to use his resources — his labor and useful goods — in such a way as to obtain, in the production of stock, the maximum psychic revenue and hence a psychic profit. He is ever liable to error, and errors in anticipating the market will bring him a psychic loss. The essence of production for the market, therefore, is entrepreneurship. The key consideration is that the demand schedules, and consequently the future prices, are not and can never be definitely and automatically known to the producers. They must estimate the future state of demand as best they can.

*Man, Economy, and State with Power and Market*, p. 158

When man “produces,” he does not create matter. He uses given materials and transforms and rearranges them into goods that he desires. In short, he moves matter further toward consumption.

*Man, Economy, and State with Power and Market*, p. 172

... at any stage in the production of any product, a man employs land and labor factors, exchanging money for their services as well as for the needed capital goods, and then sells the product for money to help in the next lower stage of production.

*Man, Economy, and State with Power and Market*, p. 194

... in order to produce a capital good, the would-be producer must obtain the necessary land, labor, and capital goods. Each such individual producer (or group of individuals in partnership) obtains the required factors and then directs the combination of factors into producing a capital good. This process is repeated

among numerous individuals, until the lowest stage of production is reached and a consumers' good is produced. The producer of the capital good must obtain the needed factors (land, labor, and capital) by purchasing them for money, and, when the (lower order) capital good is completed, he sells it for money. This capital good is, in turn, used for the production of a still lower order capital good, and the latter is sold for money. This process continues until the final producer of the consumers' good sells it for money to the ultimate consumer.

*Man, Economy, and State with Power and Market*, p. 207

... a dominant characteristic of the production process is that each individual must produce in anticipation of the sale of his product. Any investment in production is made in anticipation of later sale to lower-order producers and, finally, to consumers.

*Man, Economy, and State with Power and Market*, p. 208

... the production process takes time, and the more complex the production process the more time must be taken.

*Man, Economy, and State with Power and Market*, p. 337

Time, therefore, is a critical element in production, and its analysis must pervade any theory of production.

*Man, Economy, and State with Power and Market*, p. 344

The interest rate must be equal for each stage of the production process.

*Man, Economy, and State with Power and Market*, p. 370

The all-pervading influence of time is stressed in the period-of-production concept and in the determination of the interest rate and of the investment-consumption ratio by individual time preference schedules.

*Man, Economy, and State with Power and Market*, p. 402

There is no automatic continuity of investment and production. Production is continued because the owners are continually

making decisions to proceed; if they did not think it profitable to do so, they could and do at any point alter, curtail, or totally cease operations and investments. And production takes time from initial investment to final product.

*Man, Economy, and State with Power and Market*, p. 427

The whole purpose of the production system is to lead to final consumption. All the intermediate purchases are based on the expectation of final purchase by the consumer and would not take place otherwise. Every activity may have its immediate “results,” but they are not results that would command any monetary income from anyone if the owners of the factors themselves were joint owners of all they produced until the final consumption stage.

*Man, Economy, and State with Power and Market*, p. 505

To expand production, the important consideration is not so much technological improvement as greater capital investment.

*Man, Economy, and State with Power and Market*, p. 626

... consumption always rules production.

*Man, Economy, and State with Power and Market*, p. 631

Producers are guided by the goal of maximizing monetary income ...

*Man, Economy, and State with Power and Market*, p. 642

... all production is for use; otherwise it would not take place. In the market economy, this almost always means goods for the use of others — the consumers. Profit can be earned only through servicing consumers with produced goods.

*Man, Economy, and State with Power and Market*, pp. 649–50

How much any given person will produce of any given good or service is determined by his expectations of greatest monetary income, other psychic considerations being equal.

*Man, Economy, and State with Power and Market*, pp. 697–98

The fundamental business of production is service to the consumers for monetary gain ...

*Man, Economy, and State with Power and Market*, p. 725

Production makes no sense whatever except as a means to consumption. Investment in capital goods means nothing except as a necessary way station to increased consumption.

*Man, Economy, and State with Power and Market*, p. 966

The “problem of production” will never be solved until we are all in the Garden of Eden.

*Man, Economy, and State with Power and Market*, p. 1154

If an economy is to exist at all, there must be production in order to satisfy the desires of the consuming individuals.

*Man, Economy, and State with Power and Market*, p. 1273

## PRODUCTIVITY

... the demand for and prices of factors of production are determined by their productivity in producing consumer goods desired and demanded by the public.

*Classical Economics*, pp. 283–84

In the private sector a firm’s productivity is gauged by how much the consumers voluntarily spend on its product.

*Egalitarianism as a Revolt Against Nature*, p. 136

Wage rates in every country are determined by the productivity of the workers in the country.

*Making Economic Sense*, p. 18

There are two ways in which longer processes of production through the use of capital may increase productivity: (1) they may provide a greater production of the same good per unit of time; or

(2) they may allow the actor to consume goods that are not available at all with shorter processes of production.

*Man, Economy, and State with Power and Market*, p. 48

... conditions for exchange, and therefore increased productivity for the participants, will occur where each party has a superiority in productivity in regard to one of the goods exchanged ...

*Man, Economy, and State with Power and Market*, p. 97

... the productivity of production processes has no basic relation to the rate of return on business investment.

*Man, Economy, and State with Power and Market*, p. 424

The increased productivity of the longer production processes leads to a greater physical supply of capital goods, and, most important, of consumers' goods, with a consequent fall in the prices of consumers' goods. As a result, even if the money prices of labor and land fall, those of consumers' goods will always fall farther, so that real factor incomes will rise.

*Man, Economy, and State with Power and Market*, p. 525

An advancing capital structure increases the marginal productivity of labor, because the labor supply has increased less than the supply of capital goods.

*Man, Economy, and State with Power and Market*, p. 578

We can discuss productivity only in marginal terms.

*Man, Economy, and State with Power and Market*, p. 579

The (monetary) value productivity of a course of action depends on the extent to which it serves consumer needs.

*Man, Economy, and State with Power and Market*, p. 625

... the government's productive contribution to the economy is precisely zero ... strictly, the government's productivity is not

simply zero, but negative, for it has imposed a loss in productivity upon society.

*Man, Economy, and State with Power and Market*, p. 940

## PROFIT AND LOSS

The firm is guided by its expectations of monetary income from customers in payment for its products. ... businessmen are guided by the quest for monetary profits and the wish to avoid monetary losses ...

... it is consumer demand that provides profits or losses to business firms and either vindicates or not prior production decisions by investors.

*Economic Controversies*, pp. 450–51

... profits are not a regular price, but a residual, which may and do shift wildly from being large, small, zero, or negative.

*Libertarian Forum v. 1*, p. 234

Profits on the market are a measure of the efficiency and rapidity by which business firms meet the changing needs of the consumers. ... We should all rejoice when a corporation or other business firm makes high profits, for that is an indicator of great usefulness to the consumers; we should reserve our scorn for the firms that make losses and thereby display their inept management and lack of entrepreneurial ability.

*Libertarian Forum v. 1*, p. 442

Profit, indeed, is the aim of every market exchange, indeed of every human action; but it is psychic profit, that is, the advance of a person higher up on his value scale, the satisfaction of an otherwise unfulfilled want or goal. ...

... The entire range of consumption expenditures is made, clearly not to make money, but to earn psychic profit from the expenditure; a person goes to a concert, or buys food, etc., not to gain a monetary but a psychic profit. And since consumption expenditure is the ultimate aim of production and the making of monetary income, this

demonstrates that non-monetary or psychic profit is the ultimate aim of even money-making activities.

*Libertarian Forum v. 2, pp. 702–03*

The psychic revenue from any exchange is the value of the goods received in the exchange. This is equal to the marginal utility to the purchaser of adding the goods to his stock. ... Psychic costs include all that the actor gives up by making the exchange. This is equal to the next best use that he could have made of the resources that he has used.

*Man, Economy, and State with Power and Market, p. 104*

... the aim of every actor is the highest position of psychic revenue and thus the making of a psychic profit ...

*Man, Economy, and State with Power and Market, p. 135*

Every man strives in action to achieve a psychic revenue greater than his psychic cost, and thereby a psychic profit. ... Error is revealed when his choice proves to be mistaken, and he realizes that he would have done better to have pursued the other, forgone course of action.

*Man, Economy, and State with Power and Market, p. 263*

The aim of the actor is always to achieve a psychic profit from an action by having his marginal revenue exceed his marginal cost. Only after the decision has been made, the action taken, and the consequences assessed, can the actor know if his decision was correct, i.e., if his psychic revenue really did exceed his cost. It is possible that his cost may prove to have been greater than his revenue and that therefore he lost on the exchange.

*Man, Economy, and State with Power and Market, p. 277*

It is clear that there is no sense whatever in talking of a going rate of profit. There is no such rate beyond the ephemeral and momentary. For any realized profit tends to disappear because of the entrepreneurial actions it generates.

*Man, Economy, and State with Power and Market, p. 511*

The economy should not be characterized as a “profit economy,” but as a “profit and loss economy.”

*Man, Economy, and State with Power and Market*, p. 512

Every entrepreneur, therefore, invests in a process because he expects to make a profit, i.e., because he believes that the market has underpriced and undercapitalized the factors in relation to their future rents. If his belief is justified, he makes a profit. If his belief is unjustified, and the market, for example, has really overpriced the factors, he will suffer losses.

*Man, Economy, and State with Power and Market*, pp. 512

... profits are an index that maladjustments are being met and combatted by the profit-making entrepreneurs. These maladjustments are the inevitable concomitants of the real world of change. A man earns profits only if he has, by superior foresight and judgment, uncovered a maladjustment — specifically an undervaluation of certain factors by the market. By stepping into this situation and gaining the profit, he calls everyone’s attention to that maladjustment and sets forces into motion that eventually eliminate it. If we must condemn anyone, it should not be the profit-making entrepreneur, but the one that has suffered losses. For losses are a sign that he has added further to a maladjustment, through allocating factors where they were overvalued as compared to the consumers’ desire for their product. On the other hand, the profit-maker is allocating factors where they had been undervalued as compared to the consumers’ desires. The greater a man’s profit has been, the more praiseworthy his role, for then the greater is the maladjustment that he alone has uncovered and is combatting. The greater a man’s losses, the more blameworthy he is, for the greater has been his contribution to maladjustment.

*Man, Economy, and State with Power and Market*, p. 515

... an entrepreneur will seek to produce at the point of maximum profit ...

*Man, Economy, and State with Power and Market*, p. 598



... the free market always tends to conduct affairs so that entrepreneurs make the greatest profit through serving the consumer best and most efficiently.

*Man, Economy, and State with Power and Market*, p. 609

... factor-owners and entrepreneurs will produce in those industries and firms in which they can maximize their monetary income or profit ...

*Man, Economy, and State with Power and Market*, p. 645

Profits and losses are purely the results of entrepreneurial activity, and that activity is the consequence of the uncertainty of the future.

*Man, Economy, and State with Power and Market*, p. 677

Profit-and-loss signals are the prompters of the entrepreneurs and capitalists who direct and ever redirect the productive resources of society in the best possible ways and combinations to satisfy the changing desires of consumers under changing conditions.

*Man, Economy, and State with Power and Market*, p. 926

The profit-and-loss test serves as the critical guide for directing the flow of productive resources.

*Man, Economy, and State with Power and Market*, p. 948

The profit drive by entrepreneurs is the motive power that adjusts, estimates, and coordinates the economic system so as to maximize producer income in the service of maximizing consumer satisfactions. It is the process by which malinvestments are kept to a minimum, and good forecasts encouraged, so as to arrange advance production to be in close harmony with consumer desires ...

*Man, Economy, and State with Power and Market*, pp. 1173–74

## PROHIBITION

One of the major arguments, for example, for the prohibition of alcohol in the 1920s was that the imbibing of alcohol increased

the likelihood of (unspecified) people committing various crimes; therefore, prohibition was held to be a “defensive” act in defense of person and property. In fact, of course, it was brutally invasive of the rights of person and property, of the right to buy, sell, and use alcoholic beverages.

*Ethics of Liberty*, p. 78

Prohibition was an act so despotic and so invasive of the personal freedom of the public that that law could not be enforced, regardless of the sums of taxpayers’ money spent on government snoopers and prohibition enforcement agents.

*Libertarian Forum v. 1*, p. 129

Prohibition was repealed precisely because law enforcement broke down in the face of massive civil disobedience, not because the law was piously heeded and then people turned to legal channels of repeal.

*Libertarian Forum v. 1*, p. 168

Product control clearly and evidently injures all parties concerned in the exchange: the consumers who lose utility because they cannot purchase the product and satisfy their most urgent wants; and the producers who are prevented from earning a remuneration in this field and must therefore settle for lower earnings elsewhere. Losses by producers are particularly borne by laborers and landowners specific to the industry, who must accept permanently lower income. ...

In many cases of product prohibition, of course, inevitable pressure develops, as in price control, for the reestablishment of the market illegally, i.e., a “black market.” A black market is always in difficulties because of its illegality. The product will be scarce and costly, to cover the risks to producers involved in violating the law and the costs of bribing government officials; and the more strict the prohibition and penalties, the scarcer the product will be and the higher the price. Furthermore, the illegality greatly hinders the process of distributing information about the existence of the market to consumers (e.g., by way of advertising). As a result, the organization of the market will be far less efficient, the service to the

consumer of poorer quality, and prices for this reason alone will be higher than under a legal market.

*Man, Economy, and State with Power and Market*, p. 901

## PROPERTY

... no possession, no use of resources, means rapid and universal starvation.

*Classical Economics*, p. 331

Property also is an appendage to liberty ...

*Conceived in Liberty v. 2*, p. 189; p. 687

In the state of nature, each man as a natural fact has complete ownership or property over his own person. These persons confront unused natural resources or “land,” and they are able to maintain and advance themselves by “mixing their labor with the land.” Through this mixing, the hitherto unowned and unused natural resources become the property of the individual mixer. The individual thereby acquires a property right not only in his own person but also in the land that he has brought into use and transformed by his labor. The individual, then, may keep this property, exchange it for the property of others, or bequeath it to his heirs. He has the “natural right” to the property and to defend it against invasion by others.

*Conceived in Liberty v. 2*, pp. 190–91; pp. 688–89

... the individual has no natural right to any quantum of property; rather, his natural right is the equal liberty to acquire and keep property.

*Conceived in Liberty v. 4*, p. 179; p. 1293

Any free-market economy must necessarily rest on devotion to the sanctity of private property. It is obvious that rampant theft or fraud can only gravely cripple property rights and the free, prosperous economy that emerges from them. For a free society to survive and flourish, property rights must be defended.

*Economic Controversies*, p. 209

... not only is it illegitimate for the economist to advocate a free market without also adumbrating a theory of justice in property titles; he cannot even define a free market without doing so. For even to define and expound upon the free-market model, the economist is describing a system in which property titles are being exchanged, and therefore he must also define and expound upon how these titles are arrived at in the first place; he must have a theory of original property and of how property comes into being.

*Economic Controversies*, p. 244

... people are not floating wraiths; they are not self-subsistent entities; they can only survive and flourish by grappling with the earth around them. They must, for example, stand on land areas; they must also, in order to survive, transform the resources given by nature into “consumer goods,” into objects more suitable for their use and consumption. Food must be grown and eaten; minerals must be mined and then transformed into capital and finally into useful consumer goods, and so on. Man, in other words, must own not only his own person, but also material objects for his control and use.

*Economic Controversies*, pp. 354–55

All producers are therefore entitled to the ownership of their product.

*Economic Controversies*, p. 356

From our two basic axioms: the right of every man to self-ownership; and the right of every man to own previously unused natural resources that he first appropriates or transforms by his labor — the entire system of justification for property rights can be deduced. For if anyone justly owns the land himself and the property which he finds and creates, then he of course has the right to exchange that property for the similarly acquired just property of someone else. This establishes the right of free exchange of property, as well as the right to give one’s property away to someone who agrees to receive it.

*Economic Controversies*, p. 359

... no one has the right to legally prevent or retaliate against “harms” to his property unless it is an act of physical invasion. Everyone has the right to have the physical integrity of his property inviolate; no one has the right to protect the value of his property, for that value is purely the reflection of what people are willing to pay for it.

*Economic Controversies*, p. 375

In the law of torts, “harm” is generally treated as physical invasion of person or property and usually requires payment of damages for “emotional” harm if and only if that harm is a consequence of physical invasion. Thus, within the standard law of trespass — an invasion of person or property — “battery” is the actual invasion of someone else’s body, while “assault” is the creation by one person in another of a fear, or apprehension, of battery.

*Economic Controversies*, p. 376

... only a physical invasion of person or property constitutes an illicit act or tort ...

*Economic Controversies*, p. 377

There are two fundamental principles upon which the libertarian theory of just property rests: (a) Everyone has absolute property right over his or her own body; and (b) everyone has an absolute property right over previously unowned natural resources (land) which he first occupies and brings into use (in the Lockean phrase, “Mixing his labor with the land”).

*Economic Controversies*, p. 392

The restoration of the Old Republic requires an economic system built solidly on the inviolable rights of private property, on the right of every person to keep what he earns, and to exchange the products of his labor.

*Making Economic Sense*, p. 294

... private property provides an incentive for toil and diligence ...

*Economic Thought Before Adam Smith*, p. 10

... private property is more highly productive and will therefore lead to progress. Goods owned in common by a large number of people will receive little attention, since people will mainly consult their own self-interest and will neglect all duty they can fob off on to others. In contrast, people will devote the greatest interest and care to their own property.

*Economic Thought Before Adam Smith*, p. 13

... private property is clearly implanted in man's nature ...

*Economic Thought Before Adam Smith*, p. 14

... individual self-ownership is based on the capacity of man as a rational being.

*Economic Thought Before Adam Smith*, p. 57

... property is brought out of the commons, or out of non-property, into one's private ownership, in the same way that a man brings non-used property into use: that is, by "mixing his self-owned labor," his personal energy, with a previously unused and unowned natural resource, thereby bringing that resource into productive use and hence into his private property. Private property of a material resource is established by first use. These two axioms: self-ownership of each person, and the first use, or "homesteading," of natural resources, establishes the "naturalness," the morality, and the property rights underlying the entire free market economy. For if a man justly owns material property he has settled in and worked on, he has the deduced right to exchange those property titles for the property someone else has settled in and worked on with his labor. For if someone owns property, he has a right to exchange it for someone else's property, or to give that property away to a willing recipient. This chain of deduction establishes the right of free exchange and free contract, and the right of bequest, and hence the entire property rights structure of the market economy.

*Economic Thought Before Adam Smith*, pp. 316–17

In human nature, the right of self-preservation implies the right to property, and any individual property in man's products from the

soil requires property in the land itself. But the right to property would be nothing without the freedom of using it, and so liberty is derived from the right to property. People flourish as social animals, and through trade and exchange of property they maximize the happiness of all. Furthermore, since the faculties of human beings are by nature diverse and unequal, an inequality of condition arises naturally from an equal right to liberty of every man.

*Economic Thought Before Adam Smith*, p. 370

... ownership rights are acquired in two ways and two ways only: (a) by finding and transforming resources (“producing”), and (b) by exchanging one’s produce for someone else’s product — including the medium of exchange, or “money” commodity. And it is clear that method (b) reduces logically to (a), for the only way a person can obtain something in exchange is by giving up his own product. In short, there is only one route to ownership of goods: production-and-exchange.

*Ethics of Liberty*, p. 37

... all ownership on the free market reduces ultimately back to: (a) ownership by each man of his own person and his own labor; (b) ownership by each man of land which he finds unused and transforms by his own labor; and (c) the exchange of the products of this mixture of (a) and (b) with the similarly-produced output of other persons on the market.

... all ownership reduces ultimately back to each man’s naturally given ownership over himself, and of the land resources that man transforms and brings into production. The free market is a society of voluntary and consequently mutually beneficial exchanges of ownership titles between specialized producers.

*Ethics of Liberty*, p. 40

Surely, if every man has the right to own his own body and if he must use and transform material natural objects in order to survive, then he has the right to own the product that he has made, by his energy and effort, into a veritable extension of his own personality.

*Ethics of Liberty*, p. 48

... in the deepest sense, all property is “private.” For all property belongs to, is controlled by, some individual persons or groups of persons.

*Ethics of Liberty*, p. 55

... all resources, all goods, in a state of no-ownership belong properly to the first person who finds and transforms them into a useful good (the “homestead” principle).

*Ethics of Liberty*, p. 56

... where we are not sure about a title but it cannot be clearly identified as criminally derived, then the title properly and legitimately reverts to its current possessor.

*Ethics of Liberty*, p. 57

... if a current title to property is criminal in origin, and the victim or his heir can be found, then the title should immediately revert to the latter.

*Ethics of Liberty*, p. 57

... the disappearance of the victim means that the stolen property comes properly into a state of no-ownership. But we have seen that any good in a state of no-ownership, with no legitimate owner of its title, reverts as legitimate property to the first person to come along and use it, to appropriate this now unowned resource for human use. ... even though the property was originally stolen, that if the victim or his heirs cannot be found, and if the current possessor was not the actual criminal who stole the property, then title to that property belongs properly, justly, and ethically to its current possessor.

*Ethics of Liberty*, p. 58

... for any property currently claimed and used: (a) if we know clearly that there was no criminal origin to its current title, then obviously the current title is legitimate, just and valid; (b) if we don't know whether the current title had any criminal origins, but can't find out either way, then the hypothetically “unowned” property



reverts instantaneously and justly to its current possessor; (c) if we do know that the title is originally criminal, but can't find the victim or his heirs, then (c1) if the current titleholder was not the criminal aggressor against the property, then it reverts to him justly as the first owner of a hypothetically unowned property. But (c2) if the current titleholder is himself the criminal or one of the criminals who stole the property, then clearly he is properly to be deprived of it, and it then reverts to the first man who takes it out of its unowned state and appropriates it for his use. And finally, (d) if the current title is the result of crime, and the victim or his heirs can be found, then the title properly reverts immediately to the latter, without compensation to the criminal or to the other holders of the unjust title.

*Ethics of Liberty*, pp. 58–59

... every man has an absolute right to the control and ownership of his own body, and to unused land resources that he finds and transforms. He also has the right to give away such tangible property (though he cannot alienate control over his own person and will) and to exchange it for the similarly derived properties of others. Hence, all legitimate property-right derives from every man's property in his own person, as well as the "homesteading" principle of unowned property rightly belonging to the first possessor.

*Ethics of Liberty*, p. 60

The right to self-ownership asserts the absolute right of each man, by virtue of his (or her) being a human being, to "own" his or her own body; that is, to control that body free of coercive interference. Since each individual must think, learn, value, and choose his or her ends and means in order to survive and flourish, the right to self-ownership gives man the right to perform these vital activities without being hampered and restricted by coercive molestation.

*For a New Liberty*, pp. 33–34

Consider, too, the consequences of denying each man the right to own his own person. There are then only two alternatives: either (1) a certain class of people, A, have the right to own another class,

B; or (2) everyone has the right to own his own equal quotal share of everyone else.

*For a New Liberty*, p. 34

... people are not floating wraiths; they are not self-subsistent entities; they can only survive and flourish by grappling with the earth around them. They must, for example, stand on land areas; they must also, in order to survive and maintain themselves, transform the resources given by nature into “consumer goods,” into objects more suitable for their use and consumption. Food must be grown and eaten; minerals must be mined and then transformed into capital and then useful consumer goods, etc. Man, in other words, must own not only his own person, but also material objects for his control and use.

*For a New Liberty*, pp. 36–37

The homesteading principle means that the way that unowned property gets into private ownership is by the principle that this property justly belongs to the person who finds, occupies, and transforms it by his labor.

*Libertarian Forum v. 1*, p. 27

... each individual has the absolute right of property in his or her own body.

*Libertarian Forum v. 1*, p. 124

Exchange cannot be adequately analyzed until property rights are fully defined ...

*Man, Economy, and State with Power and Market*, p. lvi

Ownership by one or more owners implies exclusive control and use of the goods owned, and the goods owned are known as property.

*Man, Economy, and State with Power and Market*, pp. 91–92

... only scarce means are property.

*Man, Economy, and State with Power and Market*, p. 92

On the free, unhampered market, a man can acquire property in scarce goods as follows: (1) In the first place, each man has ownership over his own self, over his will and actions, and the manner in which he will exert his own labor. (2) He acquires scarce nature-given factors either by appropriating hitherto unused factors for his own use or by receiving them as a gift from someone else, who in the last analysis must have appropriated them as hitherto unused factors. (3) He acquires capital goods or consumers' goods either by mixing his own labor with nature-given factors to produce them or by receiving them as a gift from someone else. ... (4) He may exchange any type of factor (labor service, nature-given factor, capital good, consumers' good) for any type of factor.

*Man, Economy, and State with Power and Market*, p. 92

Scarce goods in use in production must always be under someone's control, and therefore must always be property. On the free market, the goods will be owned by those who either produced them, first put them to use, or received them in gifts. Similarly, under a system of violence and hegemonic bonds, someone or some people must superintend and direct the operations of these goods. Whoever performs these functions in effect owns these goods as property, regardless of the legal definition of ownership. This applies to persons and their services as well as to material goods. On the free market, each person is a complete owner of himself, whereas under a system of full hegemonic bonds, he is subject to the ownership of others, with the exception of the one decision not to revolt against the authority of the owner. Thus, violent or hegemonic regimes do not and cannot abolish property, which derives from the fundamentals of human action, but can only transfer it from one person or set of people (the producers or natural self-owners) to another set.

*Man, Economy, and State with Power and Market*, p. 94

... all goods must be property; otherwise they would not be objects of human action.

*Man, Economy, and State with Power and Market*, p. 140

... much intangible property cannot, by its very nature, be exchanged.

*Man, Economy, and State with Power and Market*, p. 163

... the origin of all property is ultimately traceable to the appropriation of an unused nature-given factor by a man and his “mixing” his labor with this natural factor to produce a capital good or a consumers’ good.

*Man, Economy, and State with Power and Market*, p. 169

... if property in land or other nature-given factors is to be denied man, he cannot obtain property in the fruits of his labor.

*Man, Economy, and State with Power and Market*, p. 171

One of the prime conditions of ownership is the right to buy, sell, and dispose of property as the owner or owners see fit.

*Man, Economy, and State with Power and Market*, p. 175

... a person’s presently owned property could have been ultimately obtained in only one of the following ways: through personal production, voluntary exchange for a personal product, the finding and first using of unappropriated land, or theft from a producer. On a free market, only the first three can obtain ...

*Man, Economy, and State with Power and Market*, pp. 623–24

The only given on the free market is the property right of every man in his own person and in the resources which he finds, produces, or creates, or which he obtains in voluntary exchange for his products or as a gift from their producers.

*Man, Economy, and State with Power and Market*, p. 912

... the principles of a free society do imply a very definite theory of property rights, namely, self-ownership and the ownership of natural resources found and transformed by one’s labor. Therefore, no State or similar agency contrary to the market is needed to define or allocate property rights. This can and will be done by the use of reason and through market processes themselves; any other allocation or definition would be completely arbitrary and contrary to the principles of the free society.

*Man, Economy, and State with Power and Market*, p. 1049

Ownership is the ultimate control and direction of a resource. The owner of a property is its ultimate director, regardless of legal fictions to the contrary.

*Man, Economy, and State with Power and Market*, p. 1277

In the purely free society, resources so abundant as to serve as general conditions of human welfare would remain unowned. Scarce resources, on the other hand, would be owned on the following principles: self-ownership of each person by himself; self-ownership of a person's created or transformed property; first ownership of previously unowned land by its first user or transformer.

*Man, Economy, and State with Power and Market*, p. 1277

Every owner necessarily regulates his own property.

*Man, Economy, and State with Power and Market*, p. 1334

A man has the right to his own product, to the product of his energy, which immediately becomes his property.

*Man, Economy, and State with Power and Market*, p. 1348

## PROTECTIONISM

When States are not at war, agreements are often necessary to keep frictions at a minimum. One doctrine that has gained curiously wide acceptance is the alleged "sanctity of treaties." This concept is treated as the counterpart of the "sanctity of contract." But a treaty and a genuine contract have nothing in common. A contract transfers, in a precise manner, titles to private property. Since a government does not, in any proper sense, "own" its territorial area, any agreements that it concludes do not confer titles to property.

*Egalitarianism as a Revolt Against Nature*, p. 85

Protectionism not only injures the American consumer directly, by using coercion to prevent him from buying the cheaper textiles or cameras or automobiles that he would like to buy. It also injures the consumer indirectly and even more intensively, by freezing labor, land, and capital resources in the increasingly inefficient

industries, and thereby preventing them from moving into those industries that are more efficient and have a competitive advantage in selling at home and abroad.

*Libertarian Forum v. 1*, p. 245

Tariffs or import quotas to keep inefficient firms or industries in operation hurt everyone, in every country, who is not in that industry. They injure all American consumers by keeping up prices, keeping down quality and competition, and distorting production.

*Making Economic Sense*, p. 19

... all government action means coercion, so that calling upon the U.S. government to intervene means urging it to use force and violence to restrain peaceful trade.

*Making Economic Sense*, p. 355

... protectionism is out to mulct all of us for the benefit of a specially privileged, subsidized few — and an inefficient few at that: people who cannot make it in a free and unhampered market.

*Making Economic Sense*, p. 356

... the absurdity of worrying about the balance of payments is made evident by focusing on interstate trade. For nobody worries about the balance of payments between New York and New Jersey, or, for that matter, between Manhattan and Brooklyn ...

*Making Economic Sense*, p. 357

... protectionism is not only nonsense, but dangerous nonsense, destructive of all economic prosperity. ... Coerced restraints on trade — such as protectionism — cripple, hobble, and destroy trade, the source of life and prosperity. Protectionism is simply a plea that consumers, as well as general prosperity, be hurt so as to confer permanent special privilege upon groups of less efficient producers, at the expense of more competent firms and of consumers. But it is a peculiarly destructive kind of bailout, because it permanently shackles trade under the cloak of patriotism.

*Making Economic Sense*, pp. 358–59

As far as consumers are concerned, the more “dumping” that takes place, the better.

*Making Economic Sense*, p. 362

... historical investigation has not turned up a single case where predatory pricing, when tried, was successful ...

*Making Economic Sense*, p. 363

... protectionist arguments, many plausible at first glance, are really a tissue of egregious fallacies. They betray a complete ignorance of the most basic economic analysis. ... the impetus for protectionism comes not from preposterous theories, but from the quest for coerced special privilege and restraint of trade at the expense of efficient competitors and consumers. In the host of special interests using the political process to repress and loot the rest of us, the protectionists are among the most venerable. It is high time that we get them, once and for all, off our backs, and treat them with the righteous indignation they so richly deserve.

*Making Economic Sense*, pp. 366–67

Whereas genuine free traders look at free markets and trade, domestic or international, from the point of view of the consumer (that is, all of us), the mercantilist, of the sixteenth century or today, looks at trade from the point of view of the power elite, big business in league with the government. ... the mercantilists want to privilege the government business elite at the expense of all consumers ...

*Making Economic Sense*, p. 372

... as a rule of thumb, it is best to oppose all treaties ... we must be wary of any treaty ...

*Making Economic Sense*, p. 374

## PROTEST

... boycott is an attempt to persuade other people to have nothing to do with some particular person or firm — either socially or

in agreeing not to purchase the firm's product. Morally a boycott may be used for absurd, reprehensible, laudatory, or neutral goals. It may be used, for example, to attempt to persuade people not to buy non-union grapes or not to buy union grapes. From our point of view, the important thing about the boycott is that it is purely voluntary, an act of attempted persuasion, and therefore that it is a perfectly legal and licit instrument of action.

*Ethics of Liberty*, p. 131

... mass picketing that blocked entrance or egress from a building would be criminal and invasive of the rights of property — as would be sit-ins and sit-down strikes that forcibly occupied the property of others. Also invasive would be the type of picketing in which demonstrators threatened people who crossed the picket line — a clear case of intimidation by threat of violence.

*Ethics of Liberty*, p. 132

Another action that should be completely free of restriction is the boycott. In a boycott, one or more people use their right of speech to urge, for whatever reasons — important or trivial — that other people cease to buy someone else's product.

*For a New Liberty*, p. 117

It is clear that picketing is illegitimate when it is used — as it often is — to block access to a private building or factory, or when the pickets threaten violence against those who cross the picket line. It is also clear that sit-ins are an illegitimate invasion of private property.

*For a New Liberty*, p. 118

The best way of forcing our politicians to repeal a law is to render that law absolutely non-enforceable, in short, by mass breakage of that law.

*Libertarian Forum v. 1*, p. 129



## PUBLIC DEBT

One time-honored method of evading and postponing the point of coercion is to borrow the needed money — a method seemingly voluntary, but resting on the pledge of future coercion (taxes) to provide repayment.

*Conceived in Liberty v. 4*, p. 54; p. 1168

... government debt raises interest rates and diverts capital from productive to unproductive sectors.

*Economic Thought Before Adam Smith*, p. 373

... the “true evil” of government debt is that it presents advantages to the public creditors but channels their savings into “sterile” and unproductive uses and maintains a high interest rate in competition with productive uses ...

*Economic Thought Before Adam Smith*, p. 398

... the purchase of a government bond is simply making an investment in the future loot from the robbery of taxation.

*Ethics of Liberty*, p. 184

... outright repudiation of the public debt ... is infinitely more libertarian and infinitely less criminal than looting taxpayers to redeem that debt ...

*Left and Right*, p. 361

The point of the “real” public debt gambit is that, as the government prints more money and creates inflation, the value of its public debt in real terms goes down. No doubt, but this is hardly something to cheer about.

*Libertarian Forum v. 2*, p. 1000

... a flourishing government bond market means a market starved for private capital and credit; it means that increasingly, private savings are being siphoned away from productive investments and into the rathole of wasteful and counter-productive government expenditures.

It is doubtful, therefore, whether we really want a smoothly running and efficient government bond market. On the contrary, a government bond market in difficulty is a market where less of our savings is poured down a rathole, and more is channeled into productive investment that will raise our living standards.

*Making Economic Sense*, p. 175

Government borrowing from the banking system is really a form of inflation: it creates new money-substitutes that go first to the government and then diffuse, with each step of spending, into the community. ... This is a process entirely different from borrowing from the public, which is not inflationary, for the latter transfers saved funds from private to governmental hands rather than creates new funds. Its economic effect is to divert savings from the channels most desired by the consumers and to shift them to the uses desired by government officials. Hence, from the point of view of the consumers, borrowing from the public wastes savings. The consequences of this waste are a lowering of the capital structure of the society and a lowering of the general standard of living in the present and the future. Diversion and waste of savings from investment causes interest rates to be higher than they otherwise would, since now private uses must compete with government demands. Public borrowing strikes at individual savings more effectively even than taxation, for it specifically lures away savings rather than taxing income in general.

*Man, Economy, and State with Power and Market*, pp. 1025–26

Lending to government, therefore, may be voluntary, but the process is hardly voluntary when considered as a whole. It is rather a voluntary participation in future confiscation to be committed by the government.

*Man, Economy, and State with Power and Market*, p. 1027

The ingenious slogan that the public debt does not matter because “we owe it to ourselves” is clearly absurd. The crucial question is: Who is the “we” and who are the “ourselves”?

*Man, Economy, and State with Power and Market*, p. 1027

Social utility can therefore not be enhanced by debt-reduction, except by the method of repudiation — the one way that the public debt can be lowered without a concomitant increase in fiscal coercion. Repudiation would also have the further merit (from the standpoint of the free market) of casting a pall on all future government credit, so that the government could no longer so easily divert savings to government use.

*Man, Economy, and State with Power and Market*, p. 1028

## PUBLIC OPINION

The mass of men are ignorant of economic truths.

*America's Great Depression*, p. 44

Blather about the “public interest” and the “common good” may be all very well, until the time comes to interpret in practice what these cloudy concepts are supposed to mean and in particular *who* is supposed to interpret their meaning.

*Economic Thought Before Adam Smith*, p. 183

... if the bulk of the public were really convinced of the illegitimacy of the State, if it were convinced that the State is nothing more nor less than a bandit gang writ large, then the State would soon collapse to take on no more status or breadth of existence than another Mafia gang. Hence the necessity of the State's employment of ideologists; and hence the necessity of the State's age-old alliance with the Court Intellectuals who weave the apologia for State rule.

*Ethics of Liberty*, p. 169

... in the long run every government, no matter how dictatorial, rests on the support of the majority of its subjects.

*For a New Liberty*, p. 66

... no matter how bloody or despotic any State may be, it rests for its existence in the long-run (and not-so-long run) on the consent of the majority of its subjects, on the “voluntary servitude” (as La Boétie first phrased it) of the bulk of its victims. This mass acceptance

need not be active enthusiasm; it can be passive resignation; but the important thing is that it rests on the willingness of the masses to obey the orders and commands of the State apparatus — to accept the dictates of the oligarchy, to pay its taxes, to fight in its wars.

*Libertarian Forum v. 1, p. 557*

... a policy of governmental secrecy threatens to render ineffectual the very basis of democracy: an informed public opinion.

*Science, Technology, and Government, p. 35*

## PUBLIC PROPERTY

Society cannot own anything. There is no entity called society; there are only interacting individuals. Ownership of property means control over use and the reaping of rewards from that use. When the State owns, or virtually owns, property, in no sense is society the owner. The government officials are the true owners, whatever the legal fiction adopted. Public ownership is only a fiction; actually, when the government owns anything, the mass of the public are in no sense owners.

*Economic Controversies, p. 584*

... the State cannot possess any just property.

*Ethics of Liberty, p. 183*

No State has any legitimate property; all of its territory is the result of some kind of aggression and violent conquest.

*For a New Liberty, p. 335*

... according to libertarian theory, there should be no government property, since it is all derived from coercion ...

*Irrepressible Rothbard, p. 374*

Government property is always and everywhere fair game for the libertarian; for the libertarian must rejoice every time any piece of governmental, and therefore stolen, property is returned by any means necessary to the private sector. (In libertarian theory, it is

not possible to steal from someone who is already a thief and who is only losing property that he has stolen. On the contrary, the person who takes stolen property from a thief is virtuously returning it to innocent private hands.)

Therefore, the libertarian must cheer any attempt to return stolen, governmental property to the private sector ...

... the basic libertarian insight is that the taxpayers do not rule, that, on the contrary, they are mulcted and robbed for the benefit of the State and its cohorts, and therefore the idea that the “public” or the “taxpayers” really own anything is a fundamental lie palmed off on us by the apologists for the State. It is not we but the government rulers that own “public” property, and hence the vital importance of getting all this property from the “public” to the private or “people’s” sector as rapidly as possible. “Homesteading” is often the easiest and most rapid way of accomplishing this goal.

*Libertarian Forum v. 1, p. 14*

The libertarian sees the State as a giant gang of organized criminals, who live off the theft called “taxation” and use the proceeds to kill, enslave, and generally push people around. Therefore, any property in the hands of the State is in the hands of thieves, and should be liberated as quickly as possible. Any person or group who liberates such property, who confiscates or appropriates it from the State, is performing a virtuous act and a signal service to the cause of liberty.

*Libertarian Forum v. 1, p. 27*

... no nation-state has legitimate title to any territory.

*Libertarian Forum v. 2, p. 1020*

... the very concept of “collective goods” is a highly dubious one.

*Man, Economy, and State with Power and Market, p. 1030*

Any increase of governmental ownership or control, therefore, is “socialistic,” or “collectivistic,” because it is a coercive intervention bringing the economy one step closer to complete socialism.

*Man, Economy, and State with Power and Market, p. 1274*

Government ownership means simply that the ruling officialdom owns the property. The top officials are the ones who direct the use of the property, and they therefore do the owning.

*Man, Economy, and State with Power and Market*, p. 1277

Whatever the form of government, the rulers are the true owners of the property.

*Man, Economy, and State with Power and Market*, p. 1278

## PUNISHMENT

... property rights imply above all restoring stolen property to original owners.

*Economic Controversies*, p. 444

... the criminal, or invader, loses his own right to the extent that he has deprived another man of his. If a man deprives another man of some of his self-ownership or its extension in physical property, to that extent does he lose his own rights. From this principle immediately derives the proportionality theory of punishment — best summed up in the old adage: “let the punishment fit the crime.”

*Ethics of Liberty*, pp. 80–81

... the criminal loses his rights to the extent that he deprives another of his rights: the theory of “proportionality.” ...

... it should be clear that the proportionate principle is a maximum, rather than a mandatory, punishment for the criminal. ...

... capital punishment would have to be confined strictly to the crime of murder. For a criminal would only lose his right to life if he had first deprived some victim of that same right. ...

But, in libertarian law, there would be no compulsion on the plaintiff, or his heirs, to exact this maximum penalty. If the plaintiff or his heir, for example, did not believe in capital punishment, for whatever reason, he could voluntarily forgive the victim of part or all of his penalty.

*Ethics of Liberty*, pp. 85–86

The first point is that the emphasis in punishment must be not on paying one's debt to "society," whatever that may mean, but in paying one's "debt" to the victim.

*Ethics of Liberty*, p. 86

The ideal situation, then, puts the criminal frankly into a state of enslavement to his victim, the criminal continuing in that condition of just slavery until he has redressed the grievance of the man he has wronged.

*Ethics of Liberty*, p. 86

... the criminal must pay double the extent of theft: once, for restitution of the amount stolen, and once again for loss of what he had deprived another.

... proportionate punishment to be levied we would also have to add more than double so as to compensate the victim in some way for the uncertain and fearful aspects of his particular ordeal.

*Ethics of Liberty*, pp. 88–89

... the deterrence principle implies a gross violation of the intuitive sense that justice connotes some form of fitting and proportionate punishment to the guilty party and to him alone.

... the "humanitarian" rehabilitation principle not only leads to arbitrary and gross injustice, it also places enormous and arbitrary power to decide men's fates in the hands of the dispensers of punishment.

*Ethics of Liberty*, p. 94

Retribution remains as our only just and viable theory of punishment and equal treatment for equal crime is fundamental to such retributive punishment.

*Ethics of Liberty*, p. 96

... in the system of criminal punishment in the libertarian world, the emphasis would never be, as it is now, on "society's" jailing the criminal; the emphasis would necessarily be on compelling the criminal to make restitution to the victim of his crime.

*For a New Liberty*, p. 55

The libertarian believes that a criminal loses his rights to the extent that he has aggressed upon the rights of another, and therefore that it is permissible to incarcerate the convicted criminal and subject him to involuntary servitude to that degree. ... punishment will be exacted to redound to the benefit of that victim. Thus, a crucial focus of punishment will be to force the criminal to repay, make restitution to, the victim.

*For a New Liberty*, pp. 107–08

... the “liberal” concept of indeterminate sentence — of sentencing someone not for his objective crime but on the State’s judgment of his psyche or spirit of cooperation — constitutes tyranny and dehumanization in its worst form. It is a tyranny, furthermore, which encourages the prisoner into deceptive behavior to try to fool the State psychiatrist — whom he perceives quite correctly as his enemy — into thinking that he is “cured” so that he can get out of this incarceration. To call this process “therapy” or “rehabilitation” is surely cruel mockery of these terms. It is far more principled, as well as more truly humane, to treat every prisoner in accordance with objective criminal law.

*For a New Liberty*, p. 114

Looting is certainly unjustifiable, but by what right does the State move in and shoot looters? Shooting amounts to capital punishment, and by any moral standards, death as a punishment for looting is so excessive and barbaric a punishment that it amounts to criminal murder of the looter-victim. A criminal only forfeits the rights which he takes away from another person; and therefore capital punishment for any crime less than murder is itself a criminal murder.

*Left and Right*, p. 495

... a libertarian legal order moves only against people after they have proceeded to commit a crime, and not before.

*Libertarian Forum v. 1*, p. 15



You do not machine-run someone for stealing an apple; this is punishment so far beyond the proportion that “fits the crime” as to be itself far more criminal than the original infraction.

*Libertarian Forum v. 1, p. 25*

The libertarian, of course, has at the center of his being the call for freedom for everyone, with, however, one vital exception: the criminal. In the libertarian creed, the criminal deserves not freedom but punishment, a punishment, to be sure, that does not go beyond the extent to which he has deprived some innocent victim of the latter’s liberty.

*Libertarian Forum v. 1, p. 179*

... a libertarian society does not mean the total absence of coercion but only the absence of coercion against noncriminals. Those who invade the rights of others by violence deserve their proper check and punishment by the force of law.

*Libertarian Forum v. 1, pp. 214–15*

... the libertarian creed states that an aggressor loses his rights to the extent that he has deprived victims of theirs. Hence, it is perfectly proper to exact capital punishment on murderers, who have deprived victims of their right to life, or to exact a lesser punishment which is in some way proportionate to other crimes. It is true that the focus of punishment in a libertarian world would be different than it is now, for the focus would be on forcing the criminal to recompense the victim rather than on exacting such recompense to a meaningless “society” as a whole. But force against the criminal, isolating him from potential victims, forcing him to work to repay the victim, etc., would still remain, and therefore a prison system might remain as well. Certainly there is nothing in the libertarian creed to rule out the existence of prisons, and much to imply that they will still be here. And, again, since criminals lose their rights proportionally to their crimes, they will be subject to rule by prison authorities as they are now.

*Libertarian Forum v. 1, p. 244*

It is true that prisons are now government owned and that this would change in the purely libertarian society. ... a libertarian world would not be devoid of prisons, but would have more efficient ones run on a competitive private basis. Until the day when the government divests itself of the compulsory monopoly of the post, roads, and police, therefore, we must continue to make use of their services, and the same applies to prisons as well.

*Libertarian Forum v. 1, p. 244*

... the prime focus of punishment must certainly be restitution to the victim, forcing the criminal to restore his ill-gotten loot to the person he injured. This, indeed, was the prime focus of punishment in ancient times, and it is only with the rise of the modern State that the focus of punishment became payment of a so-called "debt" to "society," while the hapless victim is forced to pay taxes for the support of his persecutor in jail. ...

My contention, however, is that simple restitution is not enough.

...

... Hold, instead, that any criminal loses his own rights to the extent that he has aggressed against another; in other words, that the victim (or his heirs) can exact a punishment up to whatever may be considered equivalent or proportionate to the extent of the original crime. The attempt to do this is summed up in the famous legal maxim: "let the punishment fit the crime."

*Libertarian Forum v. 1, p. 267*

The idea that the death penalty never deters murder is almost self-evident hogwash. The abolition of the death penalty, was philosophic left-sentimentality, as well as juridical nonsense. Philosophically, a person who murders another forfeits his own right to life, on the principle that he who deprives others of rights deserves to lose his in proportion. Juridically, to say that the Constitutional prohibition of "cruel and unusual punishment" prohibits the death penalty flies in the face of the common use of that penalty at the time the Constitution was written, and after it was established. No Founding Father issued a protest of alleged unconstitutionality. The Supreme Court argument that the death penalty is now "unusual" is purely a product of the success of left-wing jurists in

recent years in stalling and blocking the use of capital punishment. Allow the death penalty to flow freely in cases of murder and the punishment would soon no longer be “unusual.”

*Libertarian Forum v. 1*, p. 458

... punishing the guilty, important though it be, is far less important for a libertarian than another principle: protecting the innocent. The innocent may not be injured or murdered in order to apprehend the guilty.

*Libertarian Forum v. 2*, p. 902

There must be no preventive punishment, no preemptive first strike of any kind. Any such action is itself criminal aggression against the rights of others.

*Libertarian Forum v. 2*, p. 1182

The first consideration in the punishment of the aggressor against property in the free market is the forced return of the equivalent property.

*Man, Economy, and State with Power and Market*, p. 180

Every legal system needs some sort of socially-agreed-upon cutoff point, a point at which judicial procedure stops and punishment against the convicted criminal begins.

*Man, Economy, and State with Power and Market*, p. 1053

## PURCHASING POWER

For overall prices or the “price level,” the relevant supply and demand is the supply of and demand for money ...

*Classical Economics*, p. 167

... the value of money, as of all other commodities, is determined by the interaction of its supply and its demand. Its value, its purchasing power on the market — moves directly with its demand and inversely with its supply.

*Classical Economics*, p. 38

... the key to what makes prices high or low is the relationship between the supply of goods available and the supply of money which can be used to purchase them. Suppose, for example, that by some magic process, the quantity of money available in the country doubles overnight. The supply of goods remains the same, for nothing has really happened to lower or raise them. But then we will all enter the market with twice as many dollars burning a hole in our pocket as compared to yesterday. And if consumer tastes remain about the same, this means that twice as much money will be bidding for the same amount of goods, and all their prices will approximately double ...

*Libertarian Forum v. 1*, p. 230

... the money price of any good discloses what its “purchasing power” on the market will be. ... The purchasing power of a stock of any good is equal to the amount of money it can “buy” on the market and is therefore directly determined by the money price that it can obtain. As a matter of fact, the purchasing power of a unit of any quantity of a good is equal to its money price. ...

... The purchasing power of the monetary unit consists of an array of all the particular goods-prices in the society in terms of the unit.

*Man, Economy, and State with Power and Market*, pp. 237–38

The purchasing power of money in terms of all other commodities is continually changing, and there is no way to measure such changes.

... there is no precise method of measuring or even identifying the purchasing power of money and its changes.

*Man, Economy, and State with Power and Market*, pp. 300–01

... this power of the monetary unit to purchase quantities of various goods is called the purchasing power of the monetary unit. This purchasing power of money consists of the array of all the given money prices on the market at any particular time, considered in terms of the prices of goods per unit of money. ... today’s purchasing power of the monetary unit is determined by today’s marginal

utilities of money and of goods, expressed in demand schedules, while today's marginal utility of money is directly dependent on yesterday's purchasing power of money.

*Man, Economy, and State with Power and Market*, p. 315

The purchasing power of the monetary unit will also be equalized throughout the world.

*Man, Economy, and State with Power and Market*, p. 620

The purchasing power of money is therefore determined by two factors: the total demand schedule for money to hold and the stock of money in existence.

*Man, Economy, and State with Power and Market*, p. 762

... an increase in the stock of money leads to a fall in the PPM, and a decrease in the stock of money leads to a rise in the PPM. However, there is no simple and uneventful rise and fall in the PPM. For a change in the stock of money is not automatically simultaneous. New money enters the system at some specific point and then becomes diffused in this way throughout the economy. The individuals who receive the new money first are the greatest gainers from the increased money; those who receive it last are the greatest losers ...

*Man, Economy, and State with Power and Market*, pp. 813–14

... overall prices are determined by similar supply-and-demand forces that determine the prices of individual products.

*Mystery of Banking*, p. 29

... the price or the purchasing power of the dollar is the inverse of whatever we can construct as the price level, or the level of overall prices.

... the PPM, or the purchasing power of the dollar, is an array of alternatives inverse to the above prices.

*Mystery of Banking*, p. 30

Purchasing power of the dollar is therefore the inverse of the price level.

*Mystery of Banking*, p. 31

... the price or purchasing power of the dollar varies directly with the demand for money and inversely with the supply. Or, to turn it around, the price level varies directly with the supply of money and inversely with the demand.

*Mystery of Banking*, p. 35

... prices, overall, can change for only two reasons: If the supply of money increases, prices will rise; if the supply falls, prices will fall. If the demand for money increases, prices will fall (PPM rises); if the demand for money declines, prices will rise (PPM falls). The purchasing power of the dollar varies inversely with the supply of dollars, and directly with the demand. Overall prices are determined by the same supply-and-demand forces we are all familiar with in individual prices.

*Mystery of Banking*, p. 41

... the “price of money” is an array of the infinite number of exchange-ratios for all the various goods on the market.

*What Has Government Done to Our Money?*, p. 23

What determines the price of money? The same forces that determine all prices on the market — that venerable but eternally true law: “supply and demand.” ... An increase in the supply of money will tend to lower its “price;” an increase in the demand for money will raise it.

*What Has Government Done to Our Money?*, p. 23

... with people valuing cash balances more highly, the demand for money increases, and prices fall. As a result, the same total sum of cash balances now confers a higher “real” balance, i.e., it is higher in proportion to the prices of goods — to the work that money has to perform. In short, the effective cash balances of the public have increased. Conversely, a fall in the demand for cash will cause

increased spending and higher prices. The public's desire for lower effective cash balances will be satisfied by the necessity for given total cash to perform more work.

*What Has Government Done to Our Money?*, p. 30

Freedom of prices necessarily implies freedom of movement for the purchasing power of the money-unit; it would be impossible to use force and interfere with movements in the value of money without simultaneously crippling freedom of prices for all goods.

*What Has Government Done to Our Money?*, p. 33

The "price" of money is its purchasing power in terms of all goods in the economy, and this is determined by its supply, and by every individual's demand for money. Any attempt by government to fix the price will interfere with the satisfaction of people's demands for money.

*What Has Government Done to Our Money?*, p. 47

## RACISM

... irrational discrimination in employment tends to be minimal in the free market, for the simple reason that the employer also suffers from such discriminatory practice. In the free market, every worker tends to earn the value of his product, his "marginal productivity." Similarly, everyone tends to fill the job he can best accomplish, to work at his most productive efforts. Employers who persist in paying below a person's marginal product will hurt themselves by losing their best workers and hence losing profits for themselves.

*Egalitarianism as a Revolt Against Nature*, p. 160

"Affirmative action" decrees are an obvious way of compelling discrimination against males or other groups in employment, admissions, or wherever this implicit quota system is applied.

*For a New Liberty*, p. 132

“Discrimination,” in the sense of choosing favorably or unfavorably in accordance with whatever criteria a person may employ, is an integral part of freedom of choice, and hence of a free society. But of course in the free market any such discrimination is costly, and will have to be paid for by the property owner concerned.

*For a New Liberty*, p. 255

... anytime someone practices such “discrimination” in the free market, he must bear the costs, either of losing profits or of losing services as a consumer.

*For a New Liberty*, p. 256

... anti-discrimination laws of any sort are evil, aggress against the genuine rights of person and property, and are uneconomic since they cripple efficient business decisions.

*Irrepressible Rothbard*, p. 27

... “anti-discrimination” or even affirmative action “rights” in public services sets the conditions for their admittedly monstrous expansion into the private realm.

*Irrepressible Rothbard*, p. 29

Abolish affirmative action ...

*Irrepressible Rothbard*, p. 41

Wielding the fearsome brand of “Anti-Semite” as a powerful weapon, the professional Anti-Anti-Semite is able, in this day and age, to wound and destroy anyone he disagrees with by implanting this label indelibly in the public mind. How can one argue against this claim, always made with hysteria and insufferable self-righteousness? To reply “I am not an anti-Semite” is as feeble and unconvincing as Richard Nixon’s famous declaration that “I am not a crook.”

So far, Organized Anti-Anti-Semitism has been able to destroy; to drive out of public life, anyone who receives the “anti-Semite” treatment.

*Irrepressible Rothbard*, p. 42



... it is theoretically possible to criticize Israel and not be an anti-Semite.

*Irrepressible Rothbard*, p. 44

... the best definition of an anti-Semite is simple and conclusive: a person who hates all Jews.

*Irrepressible Rothbard*, p. 49

... the only rational definition of an anti-Semite is one who advocates political, legal, economic, or social disabilities to be levied against Jews ...

*Irrepressible Rothbard*, p. 50

I am no fan of affirmative action in any sense.

*Irrepressible Rothbard*, p. 352

Every property owner should have the absolute right to sell, hire, or lease his money or other property to anyone whom he chooses, which means he has the absolute right to “discriminate” all he damn pleases.

*Irrepressible Rothbard*, p. 372

“Freedom” must mean the freedom to discriminate.

*Irrepressible Rothbard*, p. 373

What has to be done is to repudiate “civil rights” and anti-discrimination laws totally; and in the meanwhile, on a separate but parallel track, try to privatize as much and as fully as we can.

*Irrepressible Rothbard*, p. 375

It is a ridiculous liberal cliché that blacks are just like whites but with a different skin color ...

*Irrepressible Rothbard*, p. 379

... individuals, ethnic groups, and races differ among themselves in intelligence and in many other traits ... intelligence, as well as

less controversial traits of temperament, are in large part hereditary.

*Irrepressible Rothbard*, p. 383

... the egalitarian myth has been the major ideological groundwork for the welfare state, and, in its racial aspect, for the entire vast, ever expanding civil rights-affirmative action-setaside-quota aspect of the welfare state. The recognition of inheritance and natural inequalities among races as well as among individuals knocks the props out from under the welfare state system.

*Irrepressible Rothbard*, p. 390

... integration cannot be achieved by law and by coercion; it must first come willingly into the hearts of men.

*Left and Right*, p. 491

Libertarians are individualists, and believe that candidates for employment or admission to schools or whatever should be judged strictly on the individuals' own merits or demerits. Libertarians believe that government should have no role in coercing private institutions on who to hire, promote, or admit, and therefore we must stand foursquare against the mammoth affirmative action program that government has been pushing for many years. And libertarians believe that governmental institutions, such as schools, where they (unfortunately) exist, should not be able to discriminate for or against one or another group of taxpayers. ... A private firm or college should be able to discriminate or not on any criterion (rational or irrational) that it wishes, without being coerced by government.

*Libertarian Forum v. 2*, p. 789

Free-market capitalism is a marvelous antidote for racism. In a free market, employers who refuse to hire productive black workers are hurting their own profits and the competitive position of their own company.

*Making Economic Sense*, p. 385

All “civil rights,” disabilities “rights,” regulations, etc., should be abolished.

*Making Economic Sense*, p. 492

## RATIONALITY

... man always acts by using reason to improve his lot; so that his action is always “rational,” that is, his actions are always beneficial, always necessarily equilibrating *ex ante*. And the market mechanism is also such that forecasts tend, in general, to pan out as true, so that *ex ante* decisions become validated *ex post*. But choice, and action, are always *ex ante*, and *ex ante* action on the market is always equilibrating.

*Economic Controversies*, p. 184

... man is a rational and social animal.

*Ethics of Liberty*, p. 155

... rational expectations theory violates the real world ...

*Making Economic Sense*, p. 28

The market does have a rational standard: the highest money incomes and highest profits, for these can be achieved only through maximum service of consumer desires.

*Man, Economy, and State with Power and Market*, p. 750

## REASON

Man is born with no innate knowledge of what ends to choose or how to use which means to attain them. Having no inborn knowledge of how to survive and prosper, he must learn what ends and means to adopt, and he is liable to make errors along the way. But only his reasoning mind can show him his goals and how to attain them.

*Economic Controversies*, p. 4

... it is self-contradictory to use reason in any attempt to deny the validity of reason as a means of attaining knowledge.

*Economic Controversies*, p. 7

... since every man possesses the faculty of reason, he can employ right reason to understand the truths of the natural law. The important implication for politics is that the natural law, the just and proper moral law discovered by man's right reason, can and should be used to engage in a moral critique of the positive man-made laws of any state or *polis*.

*Economic Thought Before Adam Smith*, p. 21

... ends can also be apprehended by reason as either objectively good or bad for man.

*Ethics of Liberty*, pp. 6–7

... man, "the rational animal," possesses reason ...

*Ethics of Liberty*, p. 7

Man's reason is objective, i.e., it can be employed by all men to yield truths about the world. To ask what is man's nature is to invite the answer. Go thou and study and find out!

*Ethics of Liberty*, p. 10

... reason can be superior to the passions.

*Ethics of Liberty*, p. 15

And so man, not having innate, instinctive, automatically acquired knowledge of his proper ends, or of the means by which they can be achieved, must learn them, and to learn them he must exercise his powers of observation, abstraction, thought: in short, his reason. Reason is man's instrument of knowledge and of his very survival; the use and expansion of his mind, the acquisition of knowledge about what is best for him and how he can achieve it, is the uniquely human method of existence and of achievement. And this is uniquely man's nature; man, as Aristotle pointed out, is the rational animal, or to be more precise, the rational being.

Through his reason, the individual man observes both the facts and ways of the external world, and the facts of his own consciousness, including his emotions: in short, he employs both extraspection and introspection.

*Ethics of Liberty*, pp. 30–31

Only reason can build a valid and consistent ideology, and only reason can strip unsparingly the veil of custom and habit and myth from dominant ideas and institutions and hold them up to the harsh light of truth. That reason is cold, impersonal and unconcerned is a widespread myth; indeed, nothing is stronger than reason for redoubling one's passionate commitment and devotion to the cause of truth.

*Left and Right*, p. 7

The time has come for us to make a stand for reason. ... We must raise the banner of Liberty and Reason, Now and Forever, one and inseparable!

*Libertarian Forum v. 1*, p. 99

We must be guided by reason and by libertarian principle ...

*Libertarian Forum v. 1*, p. 131

What we need to return to is the classical Aristotelian-Thomist concept of free will as self-determination, and emphasizing the freedom to reason.

*Libertarian Forum v. 1*, p. 457

... reason is in fact the very opposite of coercion ... force and persuasion are antitheses ...

*Rothbard vs. the Philosophers*, p. 64

To deprecate human reason by saying that none of us is or can be omniscient is absurd, for it takes an impossible standard as the judge of a possible and real condition. All of our knowledge we get from the exercise of our reason; to say that no man can be God and know everything is to take an irrational standard of evaluation.

*Rothbard vs. the Philosophers*, p. 68

Man is born a *tabula rasa*; he must learn how to choose the ends that are proper for him and the means that he must adopt to attain them. All this must be done by his reason.

*Rothbard vs. the Philosophers*, p. 123

## RECESSION

The “boom,” then, is actually a period of wasteful misinvestment. It is the time when errors are made, due to bank credit’s tampering with the free market. ... The “depression” is actually the process by which the economy adjusts to the wastes and errors of the boom, and reestablishes efficient service of consumer desires. The adjustment process consists in rapid liquidation of the wasteful investments. ... the depression is the process by which the economy returns to the efficient service of consumers. In short, and this is a highly important point to grasp, the depression is the “recovery” process, and the end of the depression heralds the return to normal, and to optimum efficiency. The depression, then, far from being an evil scourge, is the necessary and beneficial return of the economy to normal after the distortions imposed by the boom. The boom, then, requires a “bust.”

*America’s Great Depression*, p. 12

Hyperinflation, on any count, is far worse than any depression ...

*America’s Great Depression*, p. 23

Economic theory demonstrates that only governmental inflation can generate a boom-and-bust cycle, and that the depression will be prolonged and aggravated by inflationist and other interventionary measures.

*America’s Great Depression*, p. 336

The depression is the painful but necessary process by which the free market sloughs off the excesses and errors of the boom and reestablishes the market economy in its function of efficient service to the mass of consumers.

*Economic Depressions: Their Cause and Cure*, p. 36

The “depression” is thus seen — even more than in the Ricardian theory — as the necessary and healthy period in which the market economy sloughs off and liquidates the unsound, uneconomic investments of the boom, and reestablishes those proportions between consumption and investment that are truly desired by the consumers. The depression is the painful but necessary process by which the free market rids itself of the excesses and errors of the boom and reestablishes the market economy in its function of efficient service to the mass of consumers.

*For a New Liberty*, pp. 235–36

Recessions unhampered by government almost invariably work themselves into recovery within a year or 18 months.

*History of Money and Banking in the United States*, p. 425

... the recession is the healthy and necessary response of the economy to the excesses and malinvestments of the preceding inflationary boom.

*Libertarian Forum v. 1*, p. 99

... any hint of recession causes the government to panic and turn on the inflationary taps once again. ... given any inflationary boom, a recession is painful but necessary, in order to return the economy to a sound state.

The political prescription that flows from the Hayekian theory is, of course, the diametric opposite of the Keynesian: stop the artificial inflationary boom, and allow the recession to proceed as fast as possible with its work of readjustment. Postponement and government attempts to stop or interfere with the recession process will only drag out and intensify the agony, and lead to our current and probably future turmoil of inflation combined with lengthy recession and depression.

*Libertarian Forum v. 1*, p. 516

... the faster the depression is allowed to do its work and the less government interferes with that work, the sooner it will be over,

and the stage set for a healthy free-market recovery in the structure of investment and production.

*Libertarian Forum v. 1*, p. 549

... recessions are not irrational acts of God nor random events. They perform a vital function: washing out the unsound malinvestments of the preceding inflationary boom, and redirecting land, labor, and capital to their most efficient uses in the service of consumers. The longer and the more intense the distorting inflationary boom, the greater the work that the cleansing, corrective recession will have to do. This is the insight of the “Austrian” theory of business cycles. But this means that the best that can be done about a recession is for the government to keep hands off — to allow the recession to do its crucial work as quickly as possible. If the government intervenes to allay, check, or stop the workings of the recession, it will only transform a short, sharp recession into a chronic, stagnating depression. The choice is either: transitory acute infection, or a chronic, grinding debilitating disease.

*Libertarian Forum v. 2*, pp. 1074–75

... the best leading indicator of imminent deep recession is not the indices of the National Bureau; it is the burgeoning of the idea that recessions are a thing of the past.

*Making Economic Sense*, p. 260

... recessions will be around to plague us so long as there are bouts of inflationary credit expansion which bring them into being.

*Making Economic Sense*, p. 260

... the bigger and the longer the boom, the greater and deeper will tend to be the recession necessary to wash out the distortions and malinvestment of the inflationary boom, brought on by bank credit expansion.

*Making Economic Sense*, p. 265

Look fellas: every recession is going to be inflationary from now on.

*Making Economic Sense*, p. 265



Once an inflationary boom is launched, a recession is not only inevitable but is also the only way of correcting the distortions of the boom and returning the economy to health. The quicker a recession comes the better, and the more it is allowed to perform its corrective work, the sooner full recovery will arrive.

*Making Economic Sense*, p. 336

... the depression phase is actually the recovery phase. ... The trouble occurs during the boom, when malinvestments and distortions take place; the crisis-depression phase is the curative period, after people have been forced to recognize the malinvestments that have occurred. The depression period, therefore, is the necessary recovery period; it is the time when bad investments are liquidated and mistaken entrepreneurs leave the market ... The depression period ends when the free-market equilibrium has been restored and expansionary distortion eliminated.

*Man, Economy, and State with Power and Market*, pp. 1000–01

## RECOVERY

... the only proper course of action is to avoid governmental interference with the depression, and thereby to allow the depression-adjustment process to complete itself as rapidly as possible, and thus to restore a healthy and prosperous economic system. ... *Laissez-faire* — a strict policy of nonintervention by the government — is the only course that can assure a rapid recovery in any depression crisis.

*America's Great Depression*, pp. xxviii–xxix

In a depression, it is particularly important that the government's fiscal burden on the economy be reduced. In the first place, it is especially important at such a time to free the economy from the heavy load of government's acquiring resources, and second, a lowering of the burden will tend to shift total spending so as to increase investment and lower consumption, thus providing a double impetus toward curing a depression.

*America's Great Depression*, p. 254

... the greater the credit expansion and the longer it lasts, the longer will the boom last. The boom will end when bank credit expansion finally stops. Evidently, the longer the boom goes on the more wasteful the errors committed, and the longer and more severe will be the necessary depression readjustment.

*America's Great Depression*, p. 13

... what can help a depression is not more consumption, but, on the contrary, less consumption and more savings (and, concomitantly, more investment).

*America's Great Depression*, p. 17

If government wishes to see a depression ended as quickly as possible, and the economy returned to normal prosperity, what course should it adopt? The first and clearest injunction is: don't interfere with the market's adjustment process. The more the government intervenes to delay the market's adjustment, the longer and more grueling the depression will be, and the more difficult will be the road to complete recovery. Government hampering aggravates and perpetuates the depression.

*America's Great Depression*, p. 19

The most important canon of sound government policy in a depression, then, is to keep itself from interfering in the adjustment process.

*America's Great Depression*, p. 21

There is one thing the government can do positively, however: it can drastically lower its relative role in the economy, slashing its own expenditures and taxes, particularly taxes that interfere with saving and investment. Reducing its tax-spending level will automatically shift the societal saving-investment-consumption ratio in favor of saving and investment, thus greatly lowering the time required for returning to a prosperous economy. Reducing taxes that bear most heavily on savings and investment will further lower social time preferences. Furthermore, depression is a time of economic strain. Any reduction of taxes, or of any regulations

interfering with the free market, will stimulate healthy economic activity; any increase in taxes or other intervention will depress the economy further.

*America's Great Depression*, p. 22

If government wishes to alleviate, rather than aggravate, a depression, its only valid course is *laissez-faire* — to leave the economy alone. Only if there is no interference, direct or threatened, with prices, wage rates, and business liquidation will the necessary adjustment proceed with smooth dispatch. Any propping up of shaky positions postpones liquidation and aggravates unsound conditions. Propping up wage rates creates mass unemployment, and bolstering prices perpetuates and creates unsold surpluses. Moreover, a drastic cut in the government budget — both in taxes and expenditures — will of itself speed adjustment by changing social choice toward more saving and investment relative to consumption. For government spending, whatever the label attached to it, is solely consumption; any cut in the budget therefore raises the investment-consumption ratio in the economy and allows more rapid validation of originally wasteful and loss-yielding projects. Hence, the proper injunction to government in a depression is cut the budget and leave the economy strictly alone.

*America's Great Depression*, p. 185

... generating another inflation to end the recession will simply set the stage for another, and deeper, recession, later on ... business cycles are generated by the inflationary policies of government ... once underway, the best thing that government can do is to leave the economy alone. In short, the Austrian doctrine is the only consistent espousal of *laissez-faire* ...

*Economic Controversies*, p. 237

The sooner the depression-readjustment is gotten over with, the better. This means, also, that the government must never try to prop up unsound business situations; it must never bail out or lend money to business firms in trouble. Doing this will simply prolong the agony and convert a sharp and quick depression phase into a lingering and chronic disease. The government must never try

to prop up wage rates or prices of producers' goods; doing so will prolong and delay indefinitely the completion of the depression-adjustment process; it will cause indefinite and prolonged depression and mass unemployment in the vital capital goods industries. The government must not try to inflate again, in order to get out of the depression. For even if this reflation succeeds, it will only sow greater trouble later on.

*Economic Depressions: Their Cause and Cure*, pp. 38–39

... the Austrian prescription for the business cycle will be: First, if we are in a boom period, the government and its banks must cease inflating immediately. It is true that this cessation of artificial stimulant will inevitably bring the inflationary boom to an end, and will inaugurate the inevitable recession or depression. But the longer the government delays this process, the harsher the necessary readjustments will have to be. For the sooner the depression readjustment is gotten over with, the better. This also means that the government must never try to delay the depression process; the depression must be allowed to work itself out as quickly as possible, so that real recovery can begin. ... The government must never try to prop up wage rates or prices ... The government must not try to inflate again in order to get out of the depression.

*For a New Liberty*, p. 239

... the heart of the Austrian theory of the business cycle is that the inflationary boom leads to over-investment of the "higher orders of production," an over-expansion in capital goods' industries. What is needed during a recession, and what the recession accomplishes, is a shift of resources from the swollen capital goods, to the under-invested consumers' goods industries. What impels this necessary readjustment is a fall of prices in the capital goods industries relative to consumer goods, or, to look at it another way, a rise in consumer goods' prices relative to other prices. The beginning of a recession is marked by wage and cost pressure upon profits in the capital goods industries, with selling prices in these industries relatively falling, and the relative rise in prices and therefore in profits in consumer goods inducing resources to move into these latter

industries. The process ends with the end of, and therefore recovery from, the recession.

*Libertarian Forum v. 1, p. 122*

More saving and investment in relation to consumption is an Austrian remedy for easing a recession ...

*Making Economic Sense, p. 179*

The sooner a recession comes, the fewer the unsound investments that the recession has to liquidate, and the sooner the recession will be over. The important point about a recession is for the government not to interfere, not to inflate, not to regulate, and to allow the recession to work its curative way as quickly as possible. Interfering with the recession, either by inflating or regulating, can only prolong the recession and make it worse ...

*Making Economic Sense, pp. 180–81*

... there is no school of economic thought — be it New Classical, Keynesian, monetarist, or Austrian that advocates raising taxes in a recession. Indeed, both Keynesians and Austrians would advocate cutting taxes in a recession, albeit for different reasons.

*Making Economic Sense, p. 236*

... contraction of bank credit is always a healthy reaction to previous inflationary bank credit intervention in the market. Contractionary calls upon the banks to redeem their swollen liabilities in cash is precisely the way in which the market and consumers can reassert control over the banking system and force it to become sound and non-inflationary. A market-driven credit contraction speeds up the recovery process and helps to wash out unsound loans and unsound banks.

*Making Economic Sense, p. 252*

Once a recession has taken hold, the government cannot inflate out of it; government can only delay recovery, not hasten it. This is a vital truth of Austrian economics that has been absorbed by virtually no one. Once a recession is underway, Keynesian-monetarist

type stimulation: cheap money, accelerating the money supply, etc., can only make things worse.

*Making Economic Sense*, p. 267

It should be clear that any governmental interference with the depression process can only prolong it, thus making things worse from almost everyone's point of view. Since the depression process is the recovery process, any halting or slowing down of the process impedes the advent of recovery. The depression readjustments must work themselves out before recovery can be complete. The more these readjustments are delayed, the longer the depression will have to last, and the longer complete recovery is postponed.

*Man, Economy, and State with Power and Market*, p. 1001

The only way to hasten the curative process of the depression is for people to save and invest more and consume less ...

... prolonging the boom by ever larger doses of credit expansion will have only one result: to make the inevitably ensuing depression longer and more grueling. The larger the scope of malinvestment and error in the boom, the greater and longer the task of readjustment in the depression. The way to prevent a depression, then, is simple: avoid starting a boom. And to avoid starting a boom all that is necessary is to pursue a truly free-market policy in money, i.e., a policy of 100-percent specie reserves for banks and governments.

*Man, Economy, and State with Power and Market*, p. 1002

... when deflation takes place first on the loan market, i.e., as credit contraction by the banks — and this is almost always the case — this will have the beneficial effect of speeding up the depression-adjustment process. For credit contraction creates higher price differentials. And the essence of the required adjustment is to return to higher price differentials, i.e., a higher “natural” rate of interest.

*Man, Economy, and State with Power and Market*, pp. 1005–06

## REGRET

... in catallactics, the past is of no interest.

*Man, Economy, and State with Power and Market*, p. 170

... the rational course is not to bewail the past ...

*Man, Economy, and State with Power and Market*, p. 642

## REGULATIONS

Any statute or administrative regulation necessarily makes actions illegal that are not overt initiations of crimes or torts according to libertarian theory. Every statute or administrative rule is therefore illegitimate and itself invasive and a criminal interference with the property rights of noncriminals.

*Economic Controversies*, p. 406

... government regulation itself is the cause of the problem.

*Libertarian Forum v. 1*, p. 574

... secrecy is a great spur to competitive rivalry. If business firms can somehow engineer the coercing of publicity about their rivals, they will be able to know much more about their competitors' affairs, their pricing and production policies, and hence cartel agreements, formal or informal, become far more enforceable and active competition may be crippled. Secondly, the cost of making reports and obeying government regulations puts an extra burden on small, new, and innovative competitors and hampers their chances of competing with existing and more staid large firms.

*Progressive Era*, p. 212

The paternalistic idea that government exists to protect everyone from their own folly also mean[s] ... regulation to keep out some usually new marginal promoters for the benefit of older and stronger competitors.

*Progressive Era*, p. 216

Government meat inspection ... lures the public into always thinking the food is safe and reduces competitive pressures to improve meat quality.

*Progressive Era*, p. 239

One advantage to imposing uniform sanitary conditions on all meatpackers is that the burden of the increased costs would fall more heavily on the smaller than on the bigger plants, thereby crippling the smaller competitors ...

*Progressive Era*, pp. 239–40

Statistics is a vital, though much underplayed, requisite of modern government. Government could not even presume to control, regulate, or plan any portion of the economy without the service of its statistical bureaus and agencies. Deprive government of its statistics and it would be a blind and helpless giant, with no idea whatever of what to do or where to do it.

*Progressive Era*, p. 436

## RELIGION

In contrast to the non-militant variety, which expresses a simple disbelief in God's existence, militant atheism seems to believe implicitly in God's existence, but to hate Him and to wage war for His destruction.

*Classical Economics*, p. 340

Christianity is a deeply individualistic creed ...

*Classical Economics*, p. 350

At the root of Catholicism as a religion is that God can be approached or apprehended through all the faculties of man, not simply through faith but through reason and the senses. Protestantism, and especially Calvinism, sternly put God outside man's faculties ...

*Economic Thought Before Adam Smith*, pp. 128–29

The well-known theme of “separation of Church and State” was but one of many interrelated motifs that could be summed up as “separation of the economy from the State,” “separation of speech and press from the State,” “separation of land from the State,”



“separation of war and military affairs from the State,” indeed, the separation of the State from virtually everything.

*For a New Liberty*, p. 3

... to ban even voluntary prayer from the public schools, or to ban the teaching of religion, is a pettifogging willful misconstruction of the text and of the intent of the framers ...

*Irrepressible Rothbard*, p. 31

... public schools must allow prayer ...

*Irrepressible Rothbard*, p. 41

It is high time for Christians to stop being shamefaced.

*Irrepressible Rothbard*, p. 279

... some religion is going to be dominant in every society. ... There is no getting around this basic truth of human nature.

*Irrepressible Rothbard*, p. 365

... I see nothing at all wrong with any religious tradition, among which Roman Catholicism is outstanding, which endorses this rational moral order and attempts to encase it in a theistic framework.

*Libertarian Forum v. 1*, p. 163

... in the field of ethics and philosophy in general, it is simply an empirical fact that the greatest thinkers, for two thousand years, have been Christian. ...

... The Christian ethic is, in the words of the old hymn, a Rock of Ages, and it is at least incumbent upon the individual to think long and hard before he abandons that Rock lest he sink into the quagmire of the capricious and the bizarre.

*Libertarian Forum v. 1*, p. 225

... the Christian concept of forgiveness ... rests ineluctably on genuine repentance, on full confession of moral wrongdoing, and on throwing oneself on the mercy of one's previous victims.

*Libertarian Forum v. 1, p. 493*

... an ethical concept is scarcely enough to qualify philosophically as a "religion." ... "Religion" requires an ontological affirmation of the existence of a certain type of supernatural Creator. Whatever ethical concepts may flow from such ontology, it is the ontological concept — the affirmation of the existence of a certain type of God — which must be dominant and axiomatic in the religious system. Since the libertarian ethic is not necessarily grounded in ontological supernaturalism, it is not a religion ...

*Libertarian Forum v. 2, p. 746*

Shun as the plague all cults and gurus ...

*Libertarian Forum v. 2, p. 853*

The Judeo-Christian heritage is quite correct in refusing to forgive a sinner until he convincingly demonstrates that he has repented his evil ways.

*Libertarian Forum v. 2, p. 971*

The Christian tradition is correct: Forgiveness can come only after genuine repentance.

*Libertarian Forum v. 2, p. 1087*

Christ was a great individualist ...

*Rothbard vs. the Philosophers, p. 55*

## REPUTATION

Reputation is strictly a function of the subjective opinions of other minds, and they have the absolute right to their own opinions whatever they may be. Hence, outlawing defamation is itself a gross invasion of the defamer's right of freedom of speech, which is a subset of his property right in his own person.

*Economic Controversies, p. 375*

We can, of course, readily concede the gross immorality of spreading false libels about another person. But we must, nevertheless, maintain the legal right of anyone to do so.

*Ethics of Liberty*, p. 127

... someone's "reputation" is not and cannot be "owned" by him, since it is purely a function of the subjective feelings and attitudes held by other people. But since no one can ever truly "own" the mind and attitude of another, this means that no one can literally have a property right in his "reputation." A person's reputation fluctuates all the time, in accordance with the attitudes and opinions of the rest of the population. Hence, speech attacking someone cannot be an invasion of his property right and therefore should not be subject to restriction or legal penalty.

It is, of course, immoral to level false charges against another person ...

*For a New Liberty*, p. 117

No man is allowed to own the body or mind of another, that being the essence of slavery. This condition completely overthrows the basis for a law of defamation, i.e., libel (written defamation) or slander (oral defamation). For the basis of outlawing defamation is that every man has a "property in his own reputation" and that therefore any malicious or untruthful attack on him or his character (or even more, a truthful attack!) injures his reputation and therefore should be punished. However, a man has no such objective property as "reputation." His reputation is simply what others think of him, i.e., it is purely a function of subjective thoughts of others. But a man cannot own the minds or thoughts of others.

*Man, Economy, and State with Power and Market*, p. 182

Every individual in the free society has a right to ownership of his own self and to the exclusive use of his own property. Included in his property is his name, the linguistic label which is uniquely his and is identified with him. A name is an essential part of a man's identity and therefore of his property.

*Man, Economy, and State with Power and Market*, pp. 670–71

## REVOLUTION

... any revolt against a tyrannical state, other things being equal, is *ipso facto* a libertarian move. This is all the more true because even a revolution that fails ... gives the people a training ground and a tradition of revolution that may later develop into a revolution more extensively and clearly founded on libertarian motives. If cherished in later tradition, a revolution will decrease the awe in which the constituted authority is held by the populace, and in that way will increase the chance of a later revolt against tyranny.

*Conceived in Liberty v. 1*, p. 105; p. 95

... the proper path to victory for a people's revolution against a well-armed state force is guerrilla warfare, not a foolhardy rush to open confrontation and instant defeat.

*Conceived in Liberty v. 3*, p. 344; p. 1108

Since it is crucial to the success of a revolution to keep the active support of the masses, coercion must be held to the necessary minimum, both for daily mass support and so as not to provoke enemy reprisals against the people.

*Conceived in Liberty v. 3*, p. 344; p. 1108

No revolution has ever sprung forth, fully blown and fully armed like Athena, from the brow of existing society; no revolution has ever emerged from a vacuum. No revolution has ever been born out of ideas alone, but only from a long chain of abuses and a long history of preparation, ideological and institutional. And no revolution, even the most radical, from the English Revolution of the seventeenth century to the many Third World revolutions of the twentieth, has ever come into being except in reaction to increased oppression by the existing State apparatus.

*Conceived in Liberty v. 4*, p. 441; p. 1555

Revolution is a mighty, complex, long-run process, a complicated movement with many vital parts and functions. It is the pamphleteer writing in his study, it is the journalist, the political club, the

agitator, the organizer, the campus activist, the theoretician, the philanthropist. It is all this and much more.

*Egalitarianism as a Revolt Against Nature*, p. 191

Now there are crucial and vital differences between inter-State warfare on the one hand and revolutions against the State or conflicts between private individuals on the other. One vital difference is the shift in geography. In a revolution, the conflict takes place within the same geographical area: both the minions of the State and the revolutionaries inhabit the same territory. Inter-State warfare, on the other hand, takes place between two groups, each having a monopoly over its own geographical area ...

... Neither a revolutionary group nor a State combating revolution, for example, can use nuclear weapons against the other. ...

... it is possible for revolutionaries to pinpoint their targets and confine them to their State enemies, and thus avoid aggressing against innocent people, pinpointing is far less possible in an inter-State war.

*Ethics of Liberty*, p. 192

All State wars, therefore, involve increased aggression against the State's own taxpayers, and almost all State wars (all, in modern warfare) involve the maximum aggression (murder) against the innocent civilians ruled by the enemy State. On the other hand, revolutions are generally financed voluntarily and may pinpoint their violence to the State rulers, and private conflicts may confine their violence to the actual criminals. We must, therefore, conclude that, while some revolutions and some private conflicts may be legitimate, State wars are always to be condemned.

*Ethics of Liberty*, pp. 193

... revolutionary guerrilla war can be far more consistent with libertarian principles than any inter-State war. ... Guerrilla war returns us to the ancient and honorable virtue of pinpointing the enemy and sparing innocent civilians.

*For a New Liberty*, pp. 336–37

... every State in history, with no exception, has ruthlessly fought to suppress every revolution against its rule.

*Left and Right*, p. 450

All revolutionary movements proceed in zigs and zags, with revolutionary periods succeeded by periods of counter-revolution and falling-back.

*Libertarian Forum v. 1*, p. 99

Revolution *per se* is both moral and aesthetically pleasing ...

*Libertarian Forum v. 1*, p. 147

... any revolution, battling as it does the professional vested interest of the State, and needing to lift the mass of the people out of their accustomed inertia, must have the active support of a large majority of the population in order to succeed.

*Libertarian Forum v. 1*, p. 522

... if the government transgresses against rights of person and property, then it is proper to rebel against it ...

*Libertarian Forum v. 2*, p. 786

... every State in history, with no exception that I know of, has ruthlessly fought to suppress any revolution against its rule.

*Strictly Confidential*, p. 338

... every state suppresses revolutions against its power ...

*Strictly Confidential*, p. 339

## **RICARDO, DAVID**

... Ricardo made the value paradox and the unfortunate split between use- and exchange-value the key to his value theory.

*Classical Economics*, p. 19

Ricardo adopted [Say's Law].

*Classical Economics*, p. 27

Ricardo ... [took] all the most egregious errors in Smith, throwing out all qualifications and contradictions, then building his system upon what was left. The worst of Smith was magnified and intensified.

*Classical Economics*, p. 82

... his writing style was inordinately crabbed and obtuse. ... Ricardo was undoubtedly one of the worst and most turgid literary stylists in the history of economic thought.

*Classical Economics*, p. 82

... entrepreneurship could not exist in Ricardo's world of long-run equilibrium ...

*Classical Economics*, p. 82

Ricardo, even more than Smith, totally leaves out the entrepreneur. There can be no role for the entrepreneur, after all, if everyone is always in long-run equilibrium and there is never risk or uncertainty.

*Classical Economics*, p. 86

... Ricardo had a cost theory of value or price ...

*Classical Economics*, p. 87

While Ricardo formally admitted that supply and demand determine day-to-day market pricing, he tossed that aside as of no consequence, and concentrated solely on long-run equilibrium, i.e., "natural" price ... Utility Ricardo brusquely disposed of as ultimately necessary to production but of no influence whatever on value or price ...

... Prices of goods are determined by their costs, i.e., by the quantity of labor hours embodied in them ...

*Classical Economics*, pp. 88–89

The Ricardian socialist call for turning over all of the product to labor follows directly from the Ricardian system ...

*Classical Economics*, p. 90

... he oddly enough cleaved strongly, and more firmly than Adam Smith, to *laissez-faire*. Probably the reason was his strong conviction that virtually any kind of government intervention could only make matters worse. Taxation should be at a minimum, for all of it cripples the accumulation of capital and diverts it from its best uses, as do tariffs on imports. Poor laws — welfare systems — only worsen the Malthusian population pressures on wage rates. And as an adherent of Say's Law, he opposed government measures to stimulate consumption, as well as the national debt. In general, Ricardo declared that the best thing that government can do to stimulate the greatest development of industry was to remove the obstacles to growth which government itself created.

While Adam Smith's free market views concentrated on the sinister nature of predatory government action, Ricardo was particularly struck by government's pervasive ineptness and counterproductivity.

*Classical Economics*, p. 92

Ricardo did not originate [the law of comparative advantage] ... he did not understand and had little interest in the law, and that it played virtually no part in his system. Ricardo devoted only a few paragraphs to the law in his *Principles*, the discussion was meager, and it was unrelated to the rest of his work and to the rest of his discussion of international trade.

*Classical Economics*, p. 96

Ricardo's motivation was not abstract theory but its use in advancing politico-economic conclusions. Ricardo, like Mill, was devoted to free trade and *laissez-faire* ...

*Classical Economics*, p. 103

Ricardo was interested above all in political applications ...

*Classical Economics*, p. 110

David Ricardo was first and foremost a monetary economist ...

*Classical Economics*, p. 193



... Ricardo set forth a mechanistic, strictly proportional causal relation between the quantity of money and the level of prices, a strictly proportionate “quantity theory of money.”

*Classical Economics*, p. 196

Ricardo’s crabbed and tortured style reflected the muddled complexities of his doctrine.

*Classical Economics*, p. 278

Ricardo focused only on entire, allegedly homogeneous, “classes” of producers: workers earning wages, capitalists earning “profits” and landlords acquiring rent. ...

... for Ricardo, the conditions were already there for a class-struggle theory of the capitalist economy.

*Classical Economics*, p. 392

David Ricardo and his followers ... developed the “monetary theory” of the business cycle.

*Economic Controversies*, p. 790

Ricardo [wanted to] a national bank for purposes of issuing 100 percent reserve bank notes.

*Economic Controversies*, p. 870; *Mystery of Banking*, p. 282

The first economists to develop a cycle theory centering on the money and banking system were the early nineteenth-century English classical economist David Ricardo and his followers, who developed the “monetary theory” of the business cycle.

*For a New Liberty*, p. 230

Ricardo and his followers of the Currency School correctly believed that business cycles are generated by expansions and contractions of bank credit ...

*Keynes, the Man*, p. 49

The eminent David Ricardo and his successors in the Currency School, lost a great chance to establish truly hard money in England

because they never grasped the fact that bank deposits are part of the supply of money.

*Mystery of Banking*, p. 2

## RICH AND POOR

... workers benefit from capitalist development.

*Classical Economics*, p. 133

... luck cannot be legislated ... it is usually the able and enterprising that can take advantage of the luck that comes their way. Each person is equally liable to be confronted with good or bad “luck.”

*Economic Controversies*, p. 567

... on the market prices are the same to all, rich or poor ...

*Economic Thought Before Adam Smith*, p. 78

... a free market would bring far greater abundance and a healthier economy to everyone, rich and poor alike ...

*Egalitarianism as a Revolt Against Nature*, p. 240

... the economic fortunes of people tend over the long run to be their own internal responsibility ...

*For a New Liberty*, p. 188

... the major problem with the lower-class poor is irresponsible present-mindedness ...

*For a New Liberty*, p. 191

Soaking the rich would not only be profoundly immoral, it would drastically penalize the very virtues: thrift, business foresight, and investment, that have brought about our remarkable standard of living. It would truly be killing the goose that lays the golden eggs.

*For a New Liberty*, p. 202

What, then, can the government do to help the poor? The only correct answer is also the libertarian answer: Get out of the way. Let the government get out of the way of the productive energies of all groups in the population, rich, middle class, and poor alike, and the result will be an enormous increase in the welfare and the standard of living of everyone, and most particularly of the poor ...

*For a New Liberty*, pp. 202–03

The best way to help the poor is to slash taxes and allow savings, investment, and creation of jobs to proceed unhampered.

*For a New Liberty*, p. 203

... one of the most significant ways in which the government could aid the poor is by removing its own direct roadblocks from their productive energies. Thus, minimum wage laws disemploy the poorest and least productive members of the population. Government privileges to trade unions enable them to keep the poorer and minority-group workers from productive and high-wage employment. And licensing laws, the outlawing of gambling, and other government restrictions prevent the poor from starting small businesses and creating jobs on their own.

*For a New Liberty*, p. 206

Government could then best help the poor — and the rest of society — by getting out of the way: by removing its vast and crippling network of taxes, subsidies, inefficiencies, and monopoly privileges.

*For a New Liberty*, p. 209

There is something worse than poverty of material goods, and that is poverty of the soul.

*Libertarian Forum* v. 2, p. 1097

... the “poor” do not “rob the rich” under progressive taxation. Instead, it is the State that “robs” both through taxation ...

*Man, Economy, and State with Power and Market*, p. 926

That one is robbed in greater proportion does not eliminate the fact that both are being injured. It may be objected that the poor receive a net subsidy out of the tax proceeds because the government spends money to serve the poor. Yet this is not a valid argument. For the actual act of robbery is committed by the State, and not by the poor.

*Man, Economy, and State with Power and Market*, pp. 1193–94

... since usually there are far more poor than rich, the poor en masse may very well bear the greatest burden of the tax “robbery.”

*Man, Economy, and State with Power and Market*, p. 1194

... “the poor” — or the “deserving” poor — have been exalted as a privileged caste, with an enforceable claim to the production of the more able. This is a far cry from a request for charity. Instead, the able are penalized and enslaved by the State, and the unable are placed on a moral pedestal. Certainly, this is a peculiar sort of moral program. The further consequence will be to discourage the able, to reduce production and saving in all of society, and beyond this, to subsidize the creation of a caste of poor. Not only will the poor be subsidized by right, but their ranks will be encouraged to multiply, both through reproduction and through their moral exaltation and subsidization. The able will be correspondingly hampered and repressed.

*Man, Economy, and State with Power and Market*, p. 1320

... how can luck be isolated and identified? It should be evident that it is impossible to do so. In every market action luck is interwoven inextricably and is impossible to isolate. Consequently, there is no justification for saying that the rich are luckier than the poor.

*Man, Economy, and State with Power and Market*, p. 1333

What makes us rich is an abundance of goods, and what limits that abundance is a scarcity of resources: namely land, labor, and capital.

*What Has Government Done to Our Money?*, p. 24

## RIGHTS

... man's natural rights are inalienable and cannot therefore be alienated to the state by any social contract.

*Conceived in Liberty* v. 3, p. 335; p. 1099

... rights stem from the nature of man and of the world around him.

*Ethics of Liberty*, pp. 22–23

... the concept of “rights” only makes sense as property rights ...

*Ethics of Liberty*, p. 113

... man has rights because they are natural rights. They are grounded in the nature of man: the individual man's capacity for conscious choice, the necessity for him to use his mind and energy to adopt goals and values, to find out about the world, to pursue his ends in order to survive and prosper, his capacity and need to communicate and interact with other human beings and to participate in the division of labor.

*Ethics of Liberty*, p. 155

In general, those problems where rights seem to require weakening are ones where the locus of ownership is not precisely defined, in short where property rights are muddled.

*Ethics of Liberty*, p. 117

... there is no such thing as a right to privacy except the right to protect one's property from invasion. The only right “to privacy,” is the right to protect one's property from being invaded by someone else. In brief, no one has the right to burgle someone else's home, or to wiretap someone's phone lines. Wiretapping is properly a crime not because of some vague and woolly “invasion of a ‘right to privacy,’” but because it is an invasion of the property right of the person being wiretapped.

*Ethics of Liberty*, pp. 121–22

... no one person or group of people (and therefore “the public”) has the right to know anything. They have no right to knowledge which other people have and refuse to disseminate. For if a man has the absolute right to disseminate knowledge inside his head, he also has the corollary right not to disseminate that knowledge. There is no “right to know”; there is only the right of the knower to either disseminate his knowledge or to keep silent.

*Ethics of Liberty*, p. 122

Property rights are human rights. ...

In fact, there are no human rights that are separable from property rights.

*For a New Liberty*, p. 52

Wiretapping is a contemptible invasion of privacy and of property right, and of course should be outlawed as an invasive act.

*For a New Liberty*, p. 133

Every man can enjoy the right of self-ownership, without special coercion upon anyone. But in the case of a “right” to schooling, this can only be provided if other people are coerced into fulfilling it. The “right” to schooling, to a job, three meals, etc., is then not embedded in the nature of man, but requires for its fulfillment the existence of a group of exploited people who are coerced into providing such a “right.”

*For a New Liberty*, pp. 164–65

... new egalitarian “rights” are discovered that are supposed to be enforced by majesty of the law. ... these “rights” are concocted at the expense of the genuine rights of every person over his own property ...

*Irrepressible Rothbard*, p. 27

Yes. I am against all “rights” for special groups, because these “rights” are simply unjust claims on the pocketbook, on the status, and on the trumped-up guilt feelings of all those not in these specially privileged groups. The only rights I favor are the rights

of each individual to his person and property; free of the vicious assaults of phony “rights” creators.

*Irrepressible Rothbard*, p. 291

... one of the most precious rights of an individual in a free society is privacy ...

*Left and Right*, p. 459

Surely every libertarian supports civil liberties, the corollary and complement of private property rights and the free-market economy.

*Libertarian Forum v. 1*, p. 42

Only the argument from the natural rights of the individual is absolute, apodictic, and eternal, cutting through differences of time, place, or expert opinion. ... the libertarian must take his stand on natural rights rather than on the shifting sands of alleged “social utility.”

*Libertarian Forum v. 1*, p. 275

The whole point of natural rights is that they are eternal and absolute, and that every man’s rights are compossible with the rights of every other man.

*Libertarian Forum v. 2*, p. 1180

Property rights are indissolubly also human rights. ...

... there are no rights but property rights. The only human rights, in short, are property rights. ... The “human” rights of the person that are defended in the purely free-market society are, in effect, each man’s property right in his own being, and from this property right stems his right to the material goods that he has produced.

*Man, Economy, and State with Power and Market*, p. 1337

... the person who does wish to construct his political theory on the basis of “rights” must not only discard the spurious distinction

between human rights and property rights, but also realize that the former must all be absorbed into the latter.

*Man, Economy, and State with Power and Market*, p. 1340

... every individual has equal rights and has equal claim to be treated with justice and to have an opportunity for self-development with freedom.

*Rothbard vs. the Philosophers*, p. 59

## RISK

... business firms on the market can in no way be “insured,” and why the very concept applied to a firm is absurd and fraudulent. The very essence of the “risks” or uncertainty faced by the business entrepreneur is the precise opposite of the measurable risk that can be alleviated by insurance. Insurable risks, such as death, fire (if not set by the insured), accident, or appendicitis, are homogeneous, replicable, random, events that can therefore be grouped into homogeneous classes which can be predicted in large numbers. But actions and events on the market, while often similar, are inherently unique, heterogeneous, and are not random but influencing each other, and are therefore inherently uninsurable and not subject to grouping into homogeneous classes measurable in advance. Every event in human action on the market is unique and unmeasurable. The entrepreneur is precisely the person who faces and bears the inherently uninsurable risks of the marketplace.

*Case Against the Fed*, p. 136

Risk is a subjective concept unique to each individual; therefore, it cannot be placed in measurable quantitative form. Hence, no one person’s quantitative degree of risk can be compared to another’s, and no overall measure of social risk can be obtained. As a quantitative concept, overall or social risk is fully as meaningless as the economist’s concept of “social costs” or social benefits.

*Economic Controversies*, p. 382



... there are risks in any course of action or inaction. Life itself is a risk.

*Libertarian Forum v. 1*, p. 518

... actuarial risks can be “insured” against, but not the entrepreneurial uncertainty of the market.

*Man, Economy, and State with Power and Market*, p. 548n36

... “risk” has an actuarially “certain” connotation ...

*Man, Economy, and State with Power and Market*, p. 550

“Risk” occurs when an event is a member of a class of a large number of homogeneous events and there is fairly certain knowledge of the frequency of occurrence of this class of events.

*Man, Economy, and State with Power and Market*, p. 552

Insurable risk is an example of class probability.

*Man, Economy, and State with Power and Market*, p. 554

Insurance is a basic method of pooling and abating risks on the market. While entrepreneurs assume the burdens of uncertainty, insurance takes care of actuarial risks, where stable collective frequencies can be arrived at and premiums can be charged accordingly.

*Man, Economy, and State with Power and Market*, p. 1314

## ROADS

For so long as the urban governments are allowed to continue to own the streets, we are at any time liable to be oppressed by all sorts of regulations and controls made over those of us who use the streets — which means everyone. ...

The only ultimate solution to this problem is to abolish all government ownership and control of the streets, and to turn the nation’s streets over to private ownership, which might assume all sorts of individual, cooperative, or corporate forms. But until that golden day, we must at least see to it that government exercise its ownership powers as little as possible. We must proclaim that

the streets belong not to the government, but to the people, for the people to use as they see fit. Community no-ownership is far better than government ownership; for a little obstruction of the streets is better than frozen tyranny.

*Libertarian Forum v. 1, p. 4*

## ROMANTICISM

... many socialists and other opponents of the Industrial Revolution exalt the primitive and preindustrial periods as a golden age of harmony, community, and social belonging — a peaceful and happy society destroyed by the development of individualism, the Industrial Revolution, and the market economy.

*Economic Controversies, p. 613*

... the primitive community, far from being happy, harmonious, and idyllic, is much more likely to be ridden by mutual suspicion and envy of the more successful or better-favored, an envy so pervasive as to cripple, by the fear of its presence, all personal or general economic development.

*Economic Controversies, p. 621*

... the back-to-nature path would not only mean shuffling off the benefits of civilization, but would also mean starvation and death for the vast bulk of mankind, who are dependent on the capital and the division of labor of the modern industrial market economy. Or are our modern Romantics operating on a death, as opposed to a life, premise? It very much looks that way.

*Egalitarianism as a Revolt Against Nature, p. 180*

... the result of this return to primitivism would be starvation and death for nearly all of mankind and a grinding subsistence for the ones remaining.

*Egalitarianism as a Revolt Against Nature, p. 203*

... egalitarian tribal and peasant communities, happy, loving and sharing in the fantasy world of Left-intellectuals, are actually

worlds driven by hate, suspicion, envy, and the fear of the envy of one's neighbors.

*Libertarian Forum v. 1, p. 144*

... for the romantic, all the rules of life are simply arbitrary, man-made conventions that he defies at the behest of his emotions. The absolutist, on the other hand, is a classicist, who discovers and then adheres to fixed truths, and is guided, presumably, by reason.

*Rothbard vs. the Philosophers, p. 119*

... the existing primitive tribes are precisely the ones that didn't progress — that remained in their primitive state. To infer from observing them that this is the way our ancestors behaved is nonsense — and apt to be the reverse of the truth, for our ancestors presumably behaved in ways that quickly advanced them *beyond* the primitive stage thousands of years ago.

*Rothbard vs. the Philosophers, p. 122*

Civilization is precisely the record by which man has used his reason to discover the natural laws on which his environment rests, and to use these laws to alter his environment so as to suit and advance his needs and desires. Therefore, worship of the primitive is necessarily corollary to, and based upon, an attack on man's reason and intellect.

*Rothbard vs. the Philosophers, pp. 123–24*

Anyone, at any time, can leave the market: can go off in the woods and live on berries in a cave, can buy his own farm and be completely self-sufficient, cut off from the rest of the world, or can vary his participation as much as he likes.

*Rothbard vs. the Philosophers, p. 129*

Tribalism, not capitalism, is the “rule of the jungle,” for warfare and extermination of the “unfit” is the only way that some of the tribes can keep alive. It is the capitalist market economy which increases resources by mutual benefit, that is able to bypass the rule of the jungle and to rise above such animal-like existence to the status of advanced civilizations — and amicable relations among men.

The market, therefore, is preeminently social; and the rest of the social consists of other voluntary, friendly, nonmarket relations, which also, however, are best conducted on the basis of a spiritual exchange and mutual gain.

*Rothbard vs. the Philosophers*, pp. 134–35

## ROUSSEAU, JEAN-JACQUES

For all his confusions, contradictions, and romantic irrationalism that opened the doors to future forms of tyranny, Rousseau staunchly supported the people against the despotic ruling classes of his day. He therefore must be regarded overall as a vital part of the broad radical-liberal movement ... Rousseau condemned the accretion of centuries of coercive government — with its hordes of officials and auxiliaries of power in the legal profession, as contrasted to the more natural or voluntary government of the past. ... Building on Locke's insight that private property began in the mixture of people's labor with land and natural resources, Rousseau described how the state arose in the imposition of violence on such properties and their owners. This violence resulted in a ruling class imposing slavery and domination over the body of the ruled. From the state flowed the institutionalization of violence.

*Conceived in Liberty* v. 3, p. 338; p. 1102

... Rousseau later turned to such a philosophic inquiry in his own *Social Contract*, he developed two contradictory positions, for individual liberty, and for a popular collectivism.

*Conceived in Liberty* v. 3, p. 339

Rousseau and his host of modern followers, who hold that man is good, but corrupted by his institutions, must finally wither under the query: And who but men created these institutions?

*Economic Controversies*, p. 9

## SAMUELSON, PAUL

Paul Samuelson has written of the joy of being under 30 when *The General Theory* was published in 1936, exulting, with Wordsworth,

“Bliss was it in that dawn to be alive, but to be young was very heaven.”

*Keynes, the Man*, p. 39

... the high panjandrum of Orthodox Keynesian economics ...

*Libertarian Forum v. 1*, p. 211

## SAVINGS

Savings results in capital accumulation ...

*Classical Economics*, p. 51

... the proximate demand for labor is supplied by savings, even though the ultimate demand may be supplied by consumers. ... savings pays for the factors ahead of production and sale ... the consumers are last down the line of production. Furthermore, savings builds up a capital structure and increases funds paid to wages and other factors, which cannot get paid unless savings are first taken out of income previously supplied to producers by consumers.

*Classical Economics*, p. 285

... Savings do not “leak out” of the economy; they are spent, on vitally important investments in resources and capital goods.

*Classical Economics*, p. 430

All saving is directed toward enjoying more consumption in the future. Potential present consumption is foregone in return for an expected increase in future consumption.

*Economic Controversies*, p. 523

... saving is spent on investment goods, and the key to harmony and equilibrium is price — lower spending can always be equilibrated easily on the market by a fall in prices.

*Economic Thought Before Adam Smith*, p. 376

... it is the thrifty and the industrious who provide prosperity ...

*Economic Thought Before Adam Smith*, p. 422

The restriction of consumption is called saving ...

*Man, Economy, and State with Power and Market*, p. 48

Saving involves the restriction of consumption compared to the amount that could be consumed; it does not always involve an actual reduction in the amount consumed over the previous level of consumption.

*Man, Economy, and State with Power and Market*, p. 53

... independent acts of saving are necessary for replacement of goods ...

*Man, Economy, and State with Power and Market*, p. 55n33

Any actor will continue to save and invest his resources in various expected future consumers' goods as long as the utility, considered in the present, of the marginal product of each unit saved and invested is greater than the utility of present consumers' goods which he could obtain by not performing that saving. ...

... any given saving will be invested either in maintaining the present capital structure or in adding to it capital in more and more remote stages of production, i.e., in longer processes of production. Thus, any new saving (beyond maintaining the structure) will tend to lengthen production processes and invest in higher and higher orders of capital goods.

*Man, Economy, and State with Power and Market*, p. 57

... restriction of present consumption is saving ...

*Man, Economy, and State with Power and Market*, p. 345

... the disutilities of labor and of waiting — as expressed in the time-preference ratios — determine how much of people's energies and how much of their savings will go into the production process.

*Man, Economy, and State with Power and Market*, p. 360

Each individual, on the basis of his time-preference schedule, decides between the amount of his money income to be devoted to saving and the amount to be devoted to consumption.

*Man, Economy, and State with Power and Market*, p. 400

Net saving ... increases gross investment in the economy.

*Man, Economy, and State with Power and Market*, p. 527

The greater the shift from saving to consumption ... the greater the lowering of productivity and living standards.

*Man, Economy, and State with Power and Market*, p. 534

... only increased saving can make more capital available ... the supply of capital goods is limited by the savings available, and there is almost always a sheaf of technological opportunities awaiting more capital ...

*Man, Economy, and State with Power and Market*, p. 719

All saving is directed toward enjoying more consumption in the future; otherwise, there would be no point at all to saving. Saving is abstaining from possible present consumption in return for the expectation of increased consumption at some time in the future. No one wants capital goods for their own sake. They are only the embodiment of increased consumption in the future.

*Man, Economy, and State with Power and Market*, p. 918

... the market's voluntary consumption/investment allocations are optimal ... any government interference in this proportion, from either direction, is distortive of that market and of production to meet the wants of the consumers. There is nothing, after all, particularly sacred about savings; they are simply the road to future consumption.

*Man, Economy, and State with Power and Market*, p. 919

... in cases of coerced saving the saver reaps none of the benefit of his sacrifice, which is instead reaped by government officials or other beneficiaries. This contrasts to the free market, where people save and invest precisely because they will reap some tangible and desired rewards.

*Man, Economy, and State with Power and Market*, p. 965

... those save who voluntarily choose investment over some present consumption. No one is required to sacrifice present consumption who does not wish to do so.

*Man, Economy, and State with Power and Market*, p. 966

... compulsory saving, with its imposed losses and restrictions on people's effective choices, cannot spur economic growth ...

*Man, Economy, and State with Power and Market*, p. 969

... an increase in saving resulting from a fall in time preferences leads to a fall in the interest rate and another stable equilibrium situation with a longer and narrower production structure.

*Man, Economy, and State with Power and Market*, p. 995

## SAY, JEAN-BAPTISTE

Jean-Baptiste Say (1767–1832), was really in the Cantillon-Turgot tradition rather than that of Smith even though he greatly neglected the former and proclaimed that economics began with Adam Smith.

*Classical Economics*, p. 3

... Say called himself a Smith follower, but he was one largely in name only ... his views were really post-Cantillon and pre-Austrian rather than Smithian classical.

*Classical Economics*, p. 11

Say ... was the first economist to think deeply about the proper methodology of his discipline, and to base his work, as far as he could, upon that methodology. From previous economists and from his own study, he arrived at the unique method of economic theory, what Ludwig von Mises was, over a century later, to call “praxeology.”

*Classical Economics*, p. 12



J.B. Say firmly reestablished the scholastic-continental-French utility analysis. It is utility and utility alone that gives rise to exchange value ... Say adopted a subjective value theory ...

*Classical Economics*, p. 18

... Say went up to the edge of discovering the marginal utility concept without ever quite doing so.

*Classical Economics*, p. 19

J.B. Say also put clearly for the first time the insight that wants are unlimited.

*Classical Economics*, p. 21

Say also anticipated the Austrian concept of “stages of production.”

*Classical Economics*, p. 24

Say was also insistent that interest on the loan market is determined by the demand for capital (to which it is directly proportional) and the supply of capital (inversely proportional).

*Classical Economics*, p. 25

For Say, the entrepreneur [is] the lynchpin of the economy ...

*Classical Economics*, p. 25

Say was a hard-money man ...

*Classical Economics*, p. 38

On the whole, Say comes out for 100 percent specie money, for a money where paper is only a “certificate” backed fully by gold or silver ...

... Say writes highly favorably of the 100 percent reserve banks ...

*Classical Economics*, pp. 39–40

... an implacable hostility to taxation pervades [Say's] work; he tended to make it responsible for all the economic evils of society ...

*Classical Economics*, p. 40

... we see J.B. Say treating taxation as very close to sheer robbery.

*Classical Economics*, p. 41

... Say sees the uniqueness of government as the exercise of force and coercion, particularly in the way it extracts its revenue.

*Classical Economics*, p. 41

... one of the first methodologists in economics ...

*Economic Controversies*, p. 63

In contrast to almost all other economists, J.B. Say was astonishingly clear-sighted about the true nature of the State and of taxation. In Say there was no vain, mystical quest for a truly voluntary State or for a benign quasi-business firm supplying services to the grateful public. Say saw clearly that government supplies services to itself and its favorites, that all government spending is therefore consumption spending by the politicians and the bureaucracy, and that that spending is extracted by coercion at the expense of the taxpaying public.

*Economic Controversies*, p. 485

Jean-Baptiste Say ... contributed considerably more to economics than Say's Law.

*Economic Controversies*, p. 530

Taxation, Say clearly pointed out, cripples rather than stimulates production, for taxation robs people of resources that they would rather use in a different way ...

*Economic Controversies*, p. 487

... one of my favorite economists ...

*Economic Controversies*, p. 545

## SAY'S LAW

Short of the Garden of Eden, there is no such thing as general “overproduction.” As long as any “economic” desires remain unsatisfied, so long will production be needed and demanded.

*America's Great Depression*, p. 56

Say's Law is simple and almost truistic and self-evident, and it is hard to escape the conviction that it has stirred up a series of storms only because of its obvious political implications and consequences. Essentially Say's Law is a stern and proper response to the various economic ignoramuses as well as self-seekers who, in every economic recession or crisis, begin to complain loudly about the terrible problem of general “overproduction” or, in the common language of Say's day, a “general glut” of goods on the market. “Overproduction” means production in excess of consumption: that is, production is too great in general compared to consumption, and hence products cannot be sold in the market.

*Classical Economics*, p. 27

Since, apart from the Garden of Eden, production always falls short of man's wants, this means that there is no need to worry about any lack of consumption. The problem that limits wealth and living standards is a deficiency of production. On the market, Say points out, producers exchange their products for money and they use the money to buy the products of others. That is the essence of the exchange, or market, economy. Therefore the supply of one good constitutes, at bottom, the demand for other goods. Consumption demand is simply the embodiment of the supply of other products, whose owners are seeking to purchase the products in question. ...

... there can be no general overproduction short of the Garden of Eden.

*Classical Economics*, p. 28

... if any unsold surplus of one or more goods exists, this price should fall, thereby stimulating demand so that the full amount will be purchased. There can never be any problem of “overproduction” or “underconsumption” on the free market because prices can

always fall until the markets are cleared. ... Those who complain about overproduction or underconsumption rarely talk in terms of price, yet these concepts are virtually meaningless if the price system is not always held in mind. The question should always be: production or sales at what price? Demand or consumption at what price? There is never any genuine unsold surplus, or “glut,” whether specific or general over the whole economy, if prices are free to fall to clear the market and eliminate the surplus. ...

The policy implications of attending to the price system are crucial. It means that to cure a glut, whether specific or pervasive, the remedy is not for the government to spend or create money; it is to allow prices to fall so that the market will be cleared.

... a lower price of any product can always clear the market.

*Classical Economics*, p. 29

Rather than injuring consumption, saving is invested and thereby increases future consumer spending.

*Classical Economics*, p. 31

The problem is not general overproduction, but an overproduction of some goods and underproduction of others.

*Classical Economics*, p. 35

Keynes made a denunciation of Say’s Law the centerpiece of his system. In stating it, Keynes badly vulgarized and distorted the law, leaving out the central role of price adjustments ...

*Classical Economics*, p. 37

... Say’s Law meant that there would be no “gluts” from overproduction or excess capital ...

*Classical Economics*, p. 287

In [Keynes’s] grossly distorted summary of Say’s Law (“supply creates its own demand”), he sets up a straw man and proceeds to demolish it with ease. ...

This erroneous and misleading restatement of Say’s Law was subsequently repeated ... A better formulation of the Law is that

the supply of one good constitutes demand for one or more other goods ...

*Keynes, the Man*, p. 43

## SCARCITY

... the wants of man are unlimited, and will continue to be until we achieve genuine general superabundance — a world marked by the prices of all goods and services falling to zero. But at that point there would be no problem of finding consumer demand, or, indeed, any economic problem at all. There would be no need to produce, to work, or to worry about accumulating capital, and we would all be in the Garden of Eden.

*Classical Economics*, pp. 27–28

... the fact that people act to achieve their goals implies that there is a scarcity of means to attain them; otherwise the goals would already have been attained.

*Economic Controversies*, p. 33n2

One of the most important features of our economic resources is their scarcity: land, labor, and capital goods factors are all scarce, and may all be put to various possible uses. The free market uses them “productively” because the producers are guided, on the market, to produce what the consumers most need ...

*Economic Controversies*, p. 420

One of the most important features of our economic resources is their scarcity; land, labor, and capital good factors are all scarce, and may all be put to varied possible uses. The free market uses them “productively” because the producers are guided, on the market, to produce what the consumers most need ...

*Egalitarianism as a Revolt Against Nature*, p. 135

... while our condition of scarcity is clearly superior to that of the caveman, we are still living in a world of pervasive economic scarcity. How will we know when the world has achieved “post-scarcity”? Simply, we will know when all the goods and services that

we may want have become so superabundant that their prices have fallen to zero, in short, when we can acquire all goods and services as in a Garden of Eden — without effort, without work, without using any scarce resources.

*Egalitarianism as a Revolt Against Nature*, pp. 202–03

All resources, all goods are “limited”: that is why they are owned in the first place, and that is why they command a price on the market. If a good were unlimited — as, say, clean air in the days before pollution — there would be no question of owning it or pricing it, since the good would be superabundant in relation to human desires. It is precisely goods that are limited in supply that must be owned by someone — whether by private persons or government — and thereby allocated to their most productive uses through the price system.

*Libertarian Forum v. 1*, p. 76

... all goods and services are scarce, and the progress of the economy consists in rendering them relatively less scarce, so that their prices decline.

*Libertarian Forum v. 2*, p. 765

... we do not live in the Garden of Eden ... there is a scarcity of resources available to us to achieve all our desired goals.

*Making Economic Sense*, p. 212

All means are scarce, i.e., limited with respect to the ends that they could possibly serve. If the means are in unlimited abundance, then they need not serve as the object of attention of any human action. For example, air in most situations is in unlimited abundance. It is therefore not a means and is not employed as a means to the fulfillment of ends. ...

... scarce means must be allocated by the actor to serve certain ends and leave other ends unsatisfied.

*Man, Economy, and State with Power and Market*, p. 5

... the omnipresent fact of the scarcity of consumers' goods must be reflected back in the sphere of the factors of production. The scarcity of consumers' goods must imply a scarcity of their factors. If the factors were unlimited, then the consumers' goods would also be unlimited.

*Man, Economy, and State with Power and Market*, p. 12

... the very fact of the necessity of producing consumers' goods implies a scarcity of factors of production. If factors of production at each stage were not scarce, then there would be unlimited quantities available of factors of the next lower stage.

*Man, Economy, and State with Power and Market*, p. 34

... scarce means have to be applied to alternate ends ...

*Man, Economy, and State with Power and Market*, p. 977

Resources in society are limited, and they may be used for countless alternative ends.

*Man, Economy, and State with Power and Market*, p. 1134

... scarce resources are always being allocated ...

*Science, Technology, and Government*, p. 21

... the whole point of economics rests on an analysis of scarcity: the fact that means are scarce (and always will be), in relation to human ends.

*Strictly Confidential*, p. 269

## SCHUMPETER, JOSEPH

Schumpeter's cycle theory has led many economists to stress the importance of technological innovation ... The fallacy involved here is neglect of the fact that technology, while vitally important, is only indirectly, and not directly, involved in an investment.

*America's Great Depression*, p. 70

Joseph Schumpeter's cycle theory is notable for being the only doctrine, apart from the Austrian, to be grounded on, and integrated with, general economic theory. Unfortunately, it was grounded on Walrasian, rather than Austrian, general economics, and was thus doomed from the start.

*America's Great Depression*, pp. 72–73

Schumpeter's view of entrepreneurship — usually acclaimed as his greatest contribution — is extremely narrow and one-sided. He sees entrepreneurship as solely the making of innovations, setting up new firms to innovate, etc. Actually, entrepreneurs are continually at work, always adjusting to uncertain future demand and supply conditions, including the effects of innovations.

*America's Great Depression*, p. 74

As a Walrasian, Schumpeter believed that general equilibrium is an overriding reality; and yet, since change, entrepreneurship, profits, and losses clearly exist in the real world, Schumpeter set himself the problem of integrating a theoretical explanation of such change into the Walrasian system. It was a formidable problem indeed, since Schumpeter, unlike the Austrians, could not dismiss general equilibrium as a long-run tendency that is never reached in the real world. For Schumpeter, general equilibrium had to be the overriding reality: the realistic starting point as well as the end point of his attempt to explain economic change.

*Economic Controversies*, p. 262

... Schumpeter rejected the concept of time-preference ... so he concluded that in a state of general equilibrium, the rate of interest as well as profits and losses are all zero.

*Economic Controversies*, p. 263

In most conceptions of final equilibrium, net savings are zero, but interest is high enough to induce gross saving by capitalists to just replace capital equipment. But in Schumpeter's equilibriums interest is zero, and this means that gross saving is zero as well. There appear to be neither an incentive for capitalists to maintain their



capital equipment in Schumpeterian equilibrium nor the means for them to do so. The Schumpeterian equilibrium is therefore internally inconsistent and cannot be maintained.

*Economic Controversies*, p. 267

... for Schumpeter, there is no time-preference, and no savings in equilibrium. Consumer tastes are therefore irrelevant to increasing investment, and besides there are no savings or interest income out of which such investment can take place. A change in tastes or time-preferences cannot be an engine for economic change, and neither can investment in change emerge out of savings, profit, or interest.

*Economic Controversies*, p. 268

With tastes and resources disposed of, there is only one logically possible instrument of change or development left in Schumpeter's equilibrium system: technique. "Innovation" (a change in embodied technical knowledge or production functions) is for Schumpeter the only logically possible avenue of economic development. ... [Innovation] is logically the only way that he can escape from the Walrasian (or neo-Walrasian) box of his own making; it is the only way for any economic change to take place in his system.

But if innovation is the only way out of the Schumpeterian box, how is this innovation to be financed? For there are no savings, no profits, and no interest returns in Schumpeterian equilibrium. Schumpeter is stuck: for there is no way within his own system for innovation to be financed, and therefore for the economy to get out of his own particularly restrictive variant of the Walrasian box. Hence, Schumpeter has to invent a *deus ex machina*, an exogenous variable from outside his system that will lift the economy out of the box and serve as the only possible engine of economic change. And that *deus ex machina* is inflationary bank credit. Banks must be postulated that expand the money supply through fractional reserve credit ...

*Economic Controversies*, p. 269

... Schumpeter's doctrine only seems like a challenging business cycle theory worthy of profound investigation. For it is not really a

cycle theory at all. It is simply the only logical way that Schumpeter can break out and then return to the Walrasian box. As such, it is certainly an ingenious formulation, but it has no genuine connection with reality at all.

*Economic Controversies*, p. 271

... Schumpeter's constrained model can only work if innovations come in clusters, and the empirical evidence for such clusters is virtually nil. In the real world, innovations occur all the time.

*Economic Controversies*, p. 272

... Schumpeter saw that one of the problems in applying his model to reality was that if the length of the boom period is determined by the length of time required to "complete" the innovation and bring it to market, then how could his model apply to real life, where simultaneous innovations occur, each of which requires a different time for its completion? His later three-cycle theory is a desperate attempt to encompass such real-life problems. Specifically, Schumpeter has now postulated that the economy, instead of unitarily breaking out and returning to equilibrium, consists of three separate hermetically sealed, strictly periodic cycles — the "Kitchin," the "Juglar," and the "Kondratieff" — each with the same innovation-inflation-depression characteristics. This conjuring up of allegedly separate underlying cycles, each cut off from the other, but all adding to each other to yield the observable results of the real world, can only be considered a desperate lapse into mysticism in order to shore up his original model.

*Economic Controversies*, pp. 272–73

Being a Walrasian, Schumpeter had to believe that general equilibrium is a living reality, an existing state of affairs, at least part of the time. But if the world is in general equilibrium, how do business cycles or growth and development emerge?

*Economic Controversies*, p. 286

... Schumpeter had trapped himself in a Walrasian box: the only conceivable way by which new investment, which had to be in

innovations, could be financed was by the creation of new money. This meant that only inflationary bank credit could finance economic development.

*Economic Controversies*, p. 287

Schumpeter's business cycle theory and his theory of growth are, for all their suggestiveness, not positive theories of the real world at all; they are simply ways by which slavish adherence to Walrasian categories boxed Schumpeter in and forced him into his conclusions. In a sense, this was theory by default.

*Economic Controversies*, p. 288

... was an ardent Walrasian.

*Economic Controversies*, p. 832

Joseph Schumpeter [was] personally anti-socialist ... [but argued] there is no economic calculation problem under socialism.

*Economic Controversies*, p. 838

... [Schumpeter was a] great economist ...

*Ethics of Liberty*, p. 163

The great economist Joseph Schumpeter [was] ... by no means a libertarian.

*For a New Liberty*, p. 62

The late Professor Joseph Schumpeter pioneered a theory of interest which holds that the rate of interest will be zero in the evenly rotating economy.

*Man, Economy, and State with Power and Market*, p. 450

Schumpeter ... attempted to explain the business cycle by postulating three superimposed cycles. ... Each of these cycles is supposed to be roughly periodic in length. They are alleged by Schumpeter to be the three-year "Kitchin" cycle; the nine-year "Juglar"; and the very long (50-year) "Kondratieff." These cycles are conceived as independent entities, combining in various ways

to yield the aggregate cyclical pattern. Any such “multicyclic” approach must be set down as a mystical adoption of the fallacy of conceptual realism. There is no reality or meaning to the allegedly independent sets of “cycles.” The market is one interdependent unit, and the more developed it is, the greater the interrelations among market elements. It is therefore impossible for several or numerous independent cycles to coexist as self-contained units. It is precisely the characteristic of a business cycle that it permeates all market activities.

*Man, Economy, and State with Power and Market*, p. 855

... Schumpeter’s own theory relies specifically for the financing of innovations on newly expanded bank credit, on new money issued by the banks ... it is clear that Schumpeter assumes a hampered market, for we have seen that there could not be any monetary credit expansion on a free market. Schumpeter therefore cannot establish a business-cycle theory for a purely unhampered market.

*Man, Economy, and State with Power and Market*, p. 857

... Schumpeter’s praiseworthy attempt to derive a business cycle theory from general economic analysis is a failure.

*Man, Economy, and State with Power and Market*, p. 859

Schumpeter, insofar as he had definite political views, was pro-capitalist and conservative, aristocratic and skeptical. Far from being a top Keynesian, Fabian, et al., Schumpeter was a distinguished anti-Keynesian, and, for all his eccentricities, a truly distinguished economist.

*Strictly Confidential*, p. 211

The great economist Joseph Schumpeter wrote ... that socialism is inevitable, that capitalism is doomed not by its failures but by its very successes, which had given rise to a group of envious and malevolent intellectuals who would subvert and destroy capitalism from within.

*Irrepressible Rothbard*, p. 255

## SCIENCE

... science is always searching for a unified “single cause” explanation of complex phenomena ...

*America’s Great Depression*, p. xxxvii

... “scientists” are supposed to be objective, disinterested, unbiased in their scientific work.

*Classical Economics*, p. 56

... the very goal of science is simpler explanations of wider phenomena.

*Economic Controversies*, p. 9

... science itself must not make value judgments, but confine itself to judgments of fact, since ultimate ends can be only sheer personal preference not subject to rational argument.

*Economic Controversies*, p. 20

In the present more secular age, the divine right of the State has been supplemented by the invocation of a new god, Science. State rule is now proclaimed as being ultrascientific, as constituting planning by experts.

*Egalitarianism as a Revolt Against Nature*, p. 69

To carve out an architectonic, a system which enables one to hold a consistent and integrated view of all the disciplines of man is a great and noble aim, and a rationalist individualist philosophy can also accomplish this goal. Clearly, it is the goal of science to be able to explain more and more phenomena.

*Left and Right*, p. 455

... if there are to be more scientists, or more scientific research, then there must be less people and less resources available for producing all the other goods and services of the economy. The crucial question, then, is: how much? How many people and how much

capital are to be funneled into each of the various occupations, including science and technology?

*Science, Technology, and Government*, p. 16

Private research and development, contracted for with government funds, is a far better policy, from any angle, than direct government research.

*Science, Technology, and Government*, p. 22

... Federal aid to scientific education, for example, is an improper and unsuccessful method of relieving a shortage of scientists. ... The ultimate result of Federal subsidies to science study can only be to aggravate the scientist shortage rather than alleviate it ...

*Science, Technology, and Government*, p. 27

No particular Federal intervention can do anything more to increase the needed supply of scientists.

*Science, Technology, and Government*, pp. 28–29

... the proper role of government is to confine itself to removing the shackles that it has imposed on the supply and training of scientists.

*Science, Technology, and Government*, p. 41

There is an inevitable clash between practical administrators of research and the scientists themselves, and the evils of bureaucratic administration and crippling of scientific endeavor will be infinitely greater if science is under the control or direction of the Ultimate Bureaucracy of government.

*Science, Technology, and Government*, p. 57

“Planned” science sounds impressive; actually it means prohibited science, where no scientist can follow the leads of his own creative ideas.

*Science, Technology, and Government*, p. 71

Government control of science, government planning of science, is bound to result in the politicization of science ...

*Science, Technology, and Government*, p. 72

... general scientific research should be left to the free market ...

*Science, Technology, and Government*, p. 77

The Federal government could properly stimulate space exploration, in a manner consistent with the free market, by permitting any private firms or organizations that might land on other planets, to own the land and other resources which they begin to exploit: in the manner of the Homestead law, although without the law's restrictions on acreage or use of land. Automatic government ownership of any new lands in space acts as an enormous damper on private exploration and development.

*Science, Technology, and Government*, p. 93

Science is an inherently international and cosmopolitan development, and this cannot be thwarted by censorship and the bayonet.

*Strictly Confidential*, p. 60

## SECESSION

... just as the right of nullification for a state logically implies its right of secession, so a right of individual nullification would imply the right of any individual to "secede" from the State under which he lives.

*Egalitarianism as a Revolt Against Nature*, p. 79

Only by boldly asserting the right of secession can the concept of national self-determination be anything more than a sham and a hoax.

... The whole point of national self-determination is to get top-down coercive power out of the picture and, for the use of force to devolve from the larger entity to more genuine natural and voluntary national entities. In short, to devolve power from the top

downward. Imposing national self-determination from the outside makes matters worse and more coercive than ever.

*Irrepressible Rothbard*, p. 231

National self-determination must remain a moral principle and a beacon-light for all nations, and not be something to be imposed by outside governmental coercion.

*Irrepressible Rothbard*, p. 232

Secession is a crucial part of the libertarian philosophy: that every state be allowed to secede from the nation, every sub-state from the state, every neighborhood from the city, and, logically, every individual or group from the neighborhood.

*Libertarian Forum v. 1*, p. 17

... if each person may secede from government, we have virtually arrived at the purely free society, where defense is supplied along with all other services by the free market and where the invasive State has ceased to exist.

*Man, Economy, and State with Power and Market*, p. 1051

## SECURITY

... every good or service in the world, “collective” ones included, are provided, not in lump sum, but in marginal units. Yet strangely, economists, trained to think of marginal units everywhere else, suddenly start referring to defense as a “lump” when discussing government. In reality, however, there is a vast range of “defense” services that the government (or any other defense agency) could supply to its customers.

*Economic Controversies*, p. 466

... the State is far more interested in preserving its own power than in defending the rights of private citizens.

*Egalitarianism as a Revolt Against Nature*, p. 132



... contrary to the limited government theory “protection” is no more a collective, one-lump “thing” than any other good or service in society ... “protection” could conceivably imply anything from one policeman for an entire country, to supplying an armed bodyguard and a tank for every citizen ...

*Ethics of Liberty*, pp. 180–81

... the State is not, and can never be, justified as a defender of liberty. For the State lives by its very existence on the twofold and pervasive employment of aggressive violence against the very liberty and property of individuals that it is supposed to be defending. The State is qualitatively unjustified and unjustifiable.

*Ethics of Liberty*, p. 226

If liberty is established instantaneously throughout the world, then there will of course be no problem of “national defense.” All problems will be local police problems.

*For a New Liberty*, p. 297

... private, voluntary defense efforts would be far more efficient than government boondoggles. Certainly these efforts would be infinitely more moral.

*For a New Liberty*, p. 297

... the market provides, not merely voluntary relations, but legitimate services of all types, including the service of coercive (but legitimate) defense of person and property from violent assault.

*Libertarian Forum v. 1*, p. 320

... each individual should have the right to subscribe to any police or other defense service he wishes to protect his own property ...

*Libertarian Forum v. 1*, p. 340

I consider it immoral and criminal to force someone else to pay for my own defense. Period.

*Libertarian Forum v. 1*, p. 380

The State, by its use of physical coercion, has arrogated to itself a compulsory monopoly of defense services over its territorial jurisdiction. But it is certainly conceptually possible for such services to be supplied by private, non-State institutions, and indeed such services have historically been supplied by other organizations than the State. To be opposed to the State is then not necessarily to be opposed to services that have often been linked with it; to be opposed to the State does not necessarily imply that we must be opposed to police protection, courts, arbitration, the minting of money, postal service, or roads and highways.

*Libertarian Forum v. 1*, p. 535

In the wide sense, defense service consists of guards or police who use force in defending person and property against attack, and judges or courts whose role is to use socially accepted procedures to determine who the criminals or tortfeasors are, as well as to enforce judicial awards, such as damages or the keeping of contracts. On the free market, many scenarios are possible on the relationship between the private courts and the police; they may be “vertically integrated,” for example, or their services may be supplied by separate firms. Furthermore, it seems likely that police service will be supplied by insurance companies who will provide crime insurance to their clients. In that case, insurance companies will pay off the victims of crime or the breaking of contracts or arbitration awards, and then pursue the aggressors in court to recoup their losses. There is a natural market connection between insurance companies and defense service, since they need pay out less benefits in proportion as they are able to keep down the rate of crime.

*Libertarian Forum v. 1*, p. 538

It is the State, indeed, that functions as a mighty “protection racket” on a giant and massive scale. It is the State that says: “Pay us for your ‘protection’ or else.” In the light of the massive and inherent activities of the State, the danger of a “protection racket” emerging from one or more private police agencies is relatively small indeed.

*Libertarian Forum v. 1*, p. 539

Collective security means that any border skirmish anywhere, any territorial rectification, any troubles of any pipsqueak country, necessarily provides the sparkplug for a general holocaust, for a world war “against aggression.” ... if we are to avoid nuclear holocaust, if we are to prevent World War III, we must bury the doctrine of collective security once and for all ...

*Libertarian Forum v. 2, p. 924*

... what the enforcing agency combats in a free society is invasion of the physical person and property, not injury to the values of property. For physical property is what the person owns; he does not have any ownership in monetary values, which are a function of what others will pay for his property.

*Man, Economy, and State with Power and Market, p. 183*

On the free market, defense against violence would be a service like any other, obtainable from freely competitive private organizations.

*Man, Economy, and State with Power and Market, p. 1056*

One of the most common ethical charges leveled at the free market is that it fails to provide “security.” It is said that the blessings of freedom must be weighed against the competing blessings of security — to be provided, of course, by the State.

*Man, Economy, and State with Power and Market, p. 1313*

The State cannot provide absolute security. ...

... It can make some secure only at the expense of others. If A can be made more secure only by robbing B, B is made more insecure in the process. Hence, the State, even if production is not drastically reduced, cannot provide security for all, but only for some at the expense of others.

*Man, Economy, and State with Power and Market, p. 1314*

The State itself constantly invades individual liberty and security.

... Freedom and security against aggression are two sides of the same coin.

*Man, Economy, and State with Power and Market, p. 1315*

The “security” of the caste system is the security of the prison house. ... This “security” means an all-pervasive hopelessness in a caste society. The son of a baker must always be a baker, even if his interests and abilities are completely elsewhere. No one can rise; no one can shift his occupation or do anything differently from his ancestors. This is the annihilation of all that is most vital, most purposeful, most alive, in the life of any individual.

*Rothbard vs. the Philosophers*, p. 126

## SELF DEFENSE

... there need be no dichotomy between liberty and property, between defense of the rights of property in one’s person and in one’s material possessions. Defense of rights is logically unitary in all spheres of action.

*Conceived in Liberty* v. 3, p. 351; p. 1115

Anyone has the right to defend his property against an overt act initiated against it. He may not move with force against an alleged aggressor — a trespasser against his land or chattels — until the latter initiates force by an overt act.

... Any personal attack might turn out to be a murderous one; the victim has no way of knowing whether or not the aggressor is going to stop short of inflicting a grave injury upon him. The victim should be entitled to proceed on the assumption that any attack is implicitly a deadly one, and therefore to use deadly force in return.

*Economic Controversies*, p. 381

The victim should be entitled to use any force, including deadly force, to defend or to recover his property so long as the crime is in the process of commission — that is, until the criminal is apprehended and duly tried by legal process. In other words, he should be able to shoot looters. ...

... no one may use force to defend himself or his property until the initiation of an overt act of aggression against him.

*Economic Controversies*, p. 382

If every man has the absolute right to his justly-held property it then follows that he has the right to keep that property — to defend it by violence against violent invasion. ...

Furthermore, if every man has the right to defend his person and property against attack, then he must also have the right to hire or accept the aid of other people to do such defending: he may employ or accept defenders just as he may employ or accept the volunteer services of gardeners on his lawn.

*Ethics of Liberty*, p. 77

How extensive is a man's right of self-defense of person and property? The basic answer must be: up to the point at which he begins to infringe on the property rights of someone else. For, in that case, his "defense" would in itself constitute a criminal invasion of the just property of some other man, which the latter could properly defend himself against.

It follows that defensive violence may only be used against an actual or directly threatened invasion of a person's property — and may not be used against any non-violent "harm" that may befall a person's income or property value. ...

Defensive violence, therefore, must be confined to resisting invasive acts against person or property.

*Ethics of Liberty*, p. 77

... the burden of proof that the aggression has really begun must be on the person who employs the defensive violence.

*Ethics of Liberty*, p. 78

If, as libertarians believe, every individual has the right to own his person and property, it then follows that he has the right to employ violence to defend himself against the violence of criminal aggressors.

*For a New Liberty*, p. 140

## SELF-INTEREST

Collective or social harmony ... arises from the efforts of innumerable individuals to advance their self-interest and their happiness. If the government removed all artificial restrictions upon trade, all participants would have incentive to produce and exchange, and self-interest would then be free to do its constructive work. Only the use of coercion or state privilege pits one self-interest against another, whereas submission to the wise natural order would ensure harmony between individual greed and universal benefit.

*Economic Thought Before Adam Smith*, p. 270

... pursuit of self-interest on the market leads to advancing the interest of all.

*Economic Thought Before Adam Smith*, p. 465

... each man, in pursuing his own self-interest, furthers the interest of everyone else ...

*Man, Economy, and State with Power and Market*, p. 876

... the *laissez-faire* or free-market doctrine does not assume that everyone always knows his own interest best; it asserts rather that everyone should have the right to be free to pursue his own interest as he deems best.

*Man, Economy, and State with Power and Market*, p. 1300

Other psychic factors being equal, it is to everyone's self-interest to maximize his monetary income on the market. ...

... we can only applaud maximization of monetary income ... For market earnings are a social index of one's services to others ... The greater a man's income, the greater has been his service to others.

*Man, Economy, and State with Power and Market*, p. 1322

## SEX

... it is peculiar that while liberals are in favor of any sexual activity engaged in by two consenting adults, when these consenting adults engage in trade or exchange, the liberals step in to harass, cripple, restrict, or prohibit that trade. And yet both the consenting sexual activity and the trade are similar expressions of liberty in action.

*Economic Controversies*, p. 673

... the attack on women as “sex objects” is simply an attack on sex, period, or rather, on hetero-sex. These new monsters of the female gender are out to destroy the lovely and age-old custom — delighted in by normal women the world over — of women dressing to attract men and succeeding at this pleasant task. What a dull and dreary world these termagants would impose upon us!

*Egalitarianism as a Revolt Against Nature*, p. 170

Woman as “sex objects”? Of course they are sex objects and, praise the Lord, they always will be. (Just as men, of course, are sex objects to women.) ... When deeper relationships are established between men and women, they each become more than sex objects to each other; they each hopefully become love objects as well.

*Egalitarianism as a Revolt Against Nature*, p. 171

... if the government presumes to outlaw pornography, it *itself* becomes the genuine outlaw — for it is invading the property rights of people to produce, sell, buy, or possess pornographic material. ... Whether pornography is good, bad, or indifference should be of no interest to the legal authorities.

... prohibition of pornography is an invasion of property right, of the right to produce, sell, buy, and own.

*For a New Liberty*, pp. 127–28

... the libertarian is precisely interested in legalizing all interrelations whatever between “consenting adults.”

*For a New Liberty*, p. 129

If labor and persons in general are to be free, then so should there be freedom for prostitution. Prostitution is a voluntary sale of a labor service, and the government has no right to prohibit or restrict such sales. ... It should be clear that advocacy of freedom for prostitution does not, for the libertarian, in the least imply advocacy of prostitution itself.

*For a New Liberty*, pp. 130–31

If sex should be free, then birth control should, of course, be free as well.

*For a New Liberty*, p. 131

... the wish to preserve a treasured rise in living standards will induce a voluntary reduction of births by the families themselves.

*For a New Liberty*, p. 131

If the State should not repress voluntary sexual activity, neither should it discriminate for or against either sex.

*For a New Liberty*, p. 132

Pro-choice paleos should therefore hope that *Roe v. Wade* is someday overthrown, and abortion questions go back to the state and local levels — the more decentralized the better.

*Irrepressible Rothbard*, p. 30

To put it bluntly; I am firmly pro-choice ...

*Irrepressible Rothbard*, p. 304

Very simply; there ain't no such crime as "sexual harassment." Physical assault or rape has been considered a crime from time immemorial, and it still is. There is no need for some extra "crime" called s.h.

*Irrepressible Rothbard*, p. 361

Since most women now enter the workplace, the idea of outlawing flirting is not only totalitarian; it is also absurd. ...



... With much of the female population working, dates, marriage, even sex is going to be inevitable.

*Irrepressible Rothbard*, p. 362

It is true, very true, that rape is coercion, and that rape is a crime, regardless of the sexual or virtuous status of the victim, that is, whether she is a nun, a monogamous wife and mother, a swinging single, or a hooker.

*Irrepressible Rothbard*, p. 369

... every person and therefore every woman has the absolute right to govern and control her own body (or, as we might put it, everyone has the fundamental property right in his own body, or the “right of self-ownership”). This fundamental property right immediately rules out slavery, and the draft. And it also rules out any and all laws restricting any woman’s right to perform an abortion.

*Libertarian Forum v. 1*, p. 124

The public has just as much of a right to see or purchase portrayals of violence as of sex, free of invasive interference by governmental censors.

*Libertarian Forum v. 1*, p. 275

... Every woman has the absolute right to her own body. Outlawing abortion is a coercive invasion of that right; it is enslavement of women and compulsory baby-making.

*Libertarian Forum v. 2*, p. 637

... part of the necessary process of growing up is learning how to curb one’s aggressive impulses, to learn self-control (to use an Old Culture word.) He who can’t or won’t practice such self-control and becomes a criminal aggressor or rapist deserves to be socked with the full majesty of the law. [The] implication that women should go back to the veil and the hoopskirt in order to make life easier for young proto-rapists simply won’t wash. Why should everyone else’s life be made gray and miserable for the sake of coddling proto-rapists? Self-control is their responsibility, not

that of females who should be able to dress and act as sexily as they please ...

*Libertarian Forum v. 2, p. 771*

... It is axiomatic for the libertarian that every individual has the absolute right to own, to control, his or her own body. But, in that case, a woman has the right to eject any unwanted entity from within her own body, whether that entity be a fetus or a nonhuman parasite. Hence, a woman has the absolute right to commit an abortion, or, therefore, the right to hire someone to perform the abortion on her behalf.

*Libertarian Forum v. 2, p. 774*

If, indeed, abortion is “murder” of the fetus, because the fetus needs the environment of its mother’s womb for its continued life, then what are the other obligations that we — can coerce upon the mother? For example, suppose that if the mother does not eat a balanced diet, or drinks liquor, or allows herself to get upset, the fetus will die, or, if not that, the fetus will be in some concrete way, injured? May we send in a Gestapo to coerce the proper diet, to coerce proper behavior, upon the mother? The “murder” thesis logically implies totalitarian control over pregnant women.

*Libertarian Forum v. 2, p. 775*

The fundamental axiom of the anti-abortionists is that abortion is murder. But murder is not the only crime against human beings. If the fetus is to have full human rights, then it must be protected against more crimes than murder. There is, for example, assault. Surely, when a pregnant woman drinks alcohol, or smokes cigarettes, this ingestion causes an assault against, an “insult to,” the fetus. But, in that case, these are tort actions which must be declared illegal, and stoppable by injunction. And not just cigarettes and alcohol. If a pregnant woman eats an unbalanced diet, the fetus suffers. If a pregnant woman is overly emotional, this injures the fetus. But then all these actions become torts and crimes, and must be proceeded against by full majesty of the law.

*Libertarian Forum v. 2, p. 1043*

The pornography as destruction and as “violence against women” argument is pure bilge. First, of course, the women and men who participate in pornography are doing so voluntarily, and usually with enthusiasm, considering the money involved.

*Libertarian Forum v. 2*, p. 1182

## SLAVERY

Under slavery, slaves are either sold as a whole, as “capital,” or are rented out to other masters. In short, slave labor has a unit, or rental, price as well as a capital value.

*Capital, Interest, and Rent*, pp. 2–3

... Under slavery, where laborers are owned, they, too, become capitalized, and the present price of slaves becomes the capitalized value of expected future earnings (or “rents”) of slaves, discounted by the social rate of time preference.

*Capital, Interest, and Rent*, p. 17

The long-run tendency will be for the business of slavery to yield a return equal to that of any other industry.

*Classical Economics*, p. 393

... the essence of slavery is that human beings, with their inherent freedom of will, with individual desires and convictions and purposes, are used as capital, as tools for the benefit of their master. The slave is therefore habitually forced into types and degrees of work that he would not have freely undertaken; by necessity, therefore, the bit and the lash become the motor of the slave system. The myth of the kindly master camouflages the inherent brutality and savagery of the slave system.

*Conceived in Liberty v. 1*, p. 73; p. 63

While a man’s property is alienable and may be transferred from one person to another, a person’s will is not ...

*Conceived in Liberty v. 1*, p. 58; p. 48

... a man can alienate his labor service, but he cannot sell the capitalized future value of that service. In short, he cannot, in nature, sell himself into slavery and have this sale enforced ...

*Ethics of Liberty*, p. 40

When slavery was a common practice, much discussion raged as to whether or how much the master should be monetarily compensated for the loss of his slaves if slavery were to be abolished. This discussion was palpably absurd. For what do we do when we have apprehended a thief and recovered a stolen watch: do we compensate the thief for the loss of the watch, or do we punish him? Surely, the enslavement of a man's very person and being is a far more heinous crime than the theft of his watch, and should be dealt with accordingly.

*Ethics of Liberty*, p. 61

... there was only one possible moral solution for the slave question: immediate and unconditional abolition, with no compensation to the slavemasters. Indeed, any compensation should have been the other way — to repay the oppressed slaves for their lifetime of slavery. A vital part of such necessary compensation would have been to grant the plantation lands not to the slavemaster, who scarcely had valid title to any property, but to the slaves themselves, whose labor, on our “homesteading” principle, was mixed with the soil to develop the plantations. In short, at the very least, elementary libertarian justice required not only the immediate freeing of the slaves, but also the immediate turning over to the slaves, again without compensation to the masters, of the plantation lands on which they had worked and sweated.

*Ethics of Liberty*, p. 75

... there are certain vital things which, in natural fact and in the nature of man, are inalienable, i.e., they cannot in fact be alienated, even voluntarily. Specifically, a person cannot alienate his will, more particularly his control over his own mind and body. Each man has control over his own mind and body. Each man has control over his own will and person, and he is, if you wish, “stuck” with that inherent and inalienable ownership. Since his will and

control over his own person are inalienable, then so also are his rights to control that person and will.

*Ethics of Liberty*, p. 135

... by far the overwhelming portion of all enslavement and murder in the history of the world has come from the hands of government.

*For a New Liberty*, p. 57

If there is anything a libertarian must be squarely and totally against, it is involuntary servitude — forced labor — an act which denies the most elemental right of self-ownership. “Liberty” and “slavery” have ever been recognized to be polar opposites. The libertarian, therefore, is totally opposed to slavery.

*For a New Liberty*, p. 97

... the issue is to oppose slavery as absolute moral evil.

*Libertarian Forum v. 1*, p. 42

... outside the economy of slavery, it is impossible to sell your “human capital,” so that it cannot be used as an economic concept with a monetary value.

... *Making Economic Sense*, p. 119

Under slavery, the master treats the slaves as he does his livestock, horses, and other animals, using them as factors of production to gratify his wants, and feeding, housing them, etc., just enough to enable them to continue in the master’s service.

*Man, Economy, and State with Power and Market*, p. 81

The interpersonal relation under slavery is known as hegemonic. The relationship is one of command and obedience, the commands being enforced by threats of violence. The master uses the slaves as instruments, as factors of production, for gratifying his wants. Thus, slavery, or hegemony, is defined as a system in which one must labor under the orders of another under the threat of violence.

*Man, Economy, and State with Power and Market*, p. 82

... a man cannot permanently transfer his will, even though he may transfer much of his services and his property.

*Man, Economy, and State with Power and Market*, p. 164

... the will of each person is by its nature inalienable.

*Man, Economy, and State with Power and Market*, p. 176

... on the free market, slave contracts are not enforceable.

*Man, Economy, and State with Power and Market*, p. 290

Slaves might perhaps be useful for sweeping floors or digging ditches; they cannot be successfully used for creative work, requiring ability and originality.

*Science, Technology, and Government*, p. 23

## SMITH, ADAM

Smith, and still more Ricardo, were pushed into their labor cost theory by concentrating on the long-run “natural” price of products.

*Classical Economics*, p. 19

Adam Smith purged economic thought of the very existence of the entrepreneur ...

*Classical Economics*, p. 25

Adam Smith believed that the rate of profit, or the long-run rate of interest return, is determined by the quantity of accumulated capital, so that more capital will lead to a falling rate of profit. While this theory is not fully correct, it at least understands that there is some connection between saving, capital accumulation, and long-run interest or profit.

*Classical Economics*, p. 88

... free traders of the eighteenth century, including Adam Smith, based their doctrines on the law of “absolute advantage.”

*Classical Economics*, p. 94

Most of the anti-bullionist writers applied Adam Smith's dictum that bank credit cannot inflate the currency if confined to short-term, self-liquidating, "real bills."

*Classical Economics*, p. 177

Smith was anti-rationalist ... was concerned to purge economic theory of all subjective utility considerations, so he had to discard mutual benefit as the reason for exchange. Indeed, in contrast to Mises's insight that the division of labor (the base of exchange) stems from the diversity and inequality of talents and interests among men, Smith maintained that all people and children are originally almost totally the same, and that the existing division of labor and of occupation willy-nilly pushes them into specialization and differences of interest. ...

If for Smith, the diversity and inequality of talent is not the root cause of the division of labor but the effect, what in the world is the root cause? Smith, like many social scientists who do not know the cause of a human phenomenon, falls back on some sort of built-in "instinct" ...

*Economic Controversies*, p. 197n46

Supply-siders consider themselves heirs of Adam Smith, and in one sense they are right. For Smith, too, driven in his case by a deep-seated Calvinist hostility to luxurious consumption, sought to use government to raise the social proportion of investment to consumption beyond the desires of the free market. One method he advocated was high taxes on luxurious consumption; another was usury laws, to drive interest rates below the free market level, and thereby coercively channel or ration savings and credit into the hands of sober, industrious prime business borrowers, and out of the hands of "projectors" and "prodigal" consumers who would be willing to pay high interest charges.

*Economic Controversies*, p. 522

Adam Smith (1723–1790) is a mystery in a puzzle wrapped in an enigma. The mystery is the enormous and unprecedented gap between Smith's exalted reputation and the reality of his dubious contribution to economic thought.

Smith's reputation almost blinds the sun. From shortly after his own day until very recently, he was thought to have created the science of economics virtually *de novo*. He was universally hailed as the Founding Father.

... Smith was scarcely the founder of economic science, a science which existed since the medieval scholastics and, in its modern form, since Richard Cantillon.

*Economic Thought Before Adam Smith*, p. 435

... originated nothing that was true ... whatever he originated was wrong ... Adam Smith was a shameless plagiarist. ...

Even though an inveterate plagiarist, Smith had a Columbus complex, accusing close friends incorrectly of plagiarizing him. And even though a plagiarist, he plagiarized badly, adding new fallacies to the truths he lifted.

*Economic Thought Before Adam Smith*, pp. 435–36

... Smith not only contributed nothing of value to economic thought; his economics was a grave deterioration from his predecessors: from Cantillon, from Turgot, from his teacher Hutcheson, from the Spanish scholastics, even — oddly enough — from his own previous works.

*Economic Thought Before Adam Smith*, p. 436

... the much revered *Wealth of Nations* is a huge, sprawling, inchoate, confused tome, rife with vagueness, ambiguity and deep inner contradictions.

*Economic Thought Before Adam Smith*, p. 436

Adam Smith did not found the science of economics ...

*Economic Thought Before Adam Smith*, p. 436

... Smith had shunted economics off on a wrong road ...

*Economic Thought Before Adam Smith*, p. 437



... for Smith the division of labor took on swollen and gigantic importance ...

*Economic Thought Before Adam Smith*, p. 441

... Smith failed to apply his analysis of the division of labor to international trade ... domestically, Smith placed far too much importance on the division of labor within a factory or industry, while neglecting the more significant division of labor among industries.

*Economic Thought Before Adam Smith*, p. 442

For Smith, then, labor on material objects was “productive”; but labor on, say, consumer services, on immaterial production, was “unproductive.”

... Smith’s imprimatur on material production, therefore, was an indirect way of advocating investment in an accumulation of capital goods as against the very goal of producing capital goods: increased consumption.

*Economic Thought Before Adam Smith*, p. 444

Adam Smith’s doctrine on value was an unmitigated disaster ...

*Economic Thought Before Adam Smith*, p. 448

It was, indeed, Adam Smith who was almost solely responsible for the injection into economics of the labor theory of value. And hence it was Smith who may plausibly be held responsible for the emergence and the momentous consequences of Marxism.

*Economic Thought Before Adam Smith*, p. 453

Adam Smith also gave hostage to the later emergence of socialism by his repeatedly stated view that rent and profit are deductions from the produce of labor.

*Economic Thought Before Adam Smith*, p. 455

... the greatest of the many defects in Smith’s theory was his totally discarding Cantillon’s and Turgot’s brilliant analysis of the entrepreneur. ... the very idea of the entrepreneur as a risk-bearer and forecaster was thrown away ...

The political implications of this omission were also not lost on nineteenth century socialists. For if there is no role for entrepreneurial profits in a market economy, then any existing profits must be “exploitative” ...

*Economic Thought Before Adam Smith*, pp. 459–60

Smith’s focus on the long run, in fact, led him to apply his general labor cost-of-production theory of value to the value of money. The value of money, i.e., the value of the metal commodity gold or silver, then becomes the embodiment of the labor cost of producing it. ...

... Smith therefore explicitly denies that an increase in bank notes can raise the prices of commodities. ... If he ever conceded that an increase in the quantity of paper money could affect values, even temporarily, then Smith would have had to admit an enormous hole in his labor-cost theory. For the “labor cost” involved in printing paper money obviously bears no relation whatever to the exchange value of that money. ...

... He thus set economic theory once again on an erroneous and fateful road by embracing the institution of fractional-reserve-credit.

*Economic Thought Before Adam Smith*, pp. 461–63

... Adam Smith contributed nothing of value to economic thought; if, in fact, he introduced numerous fallacies ...

*Economic Thought Before Adam Smith*, p. 463

... scarcely originated *laissez-faire* thought ...

*Economic Thought Before Adam Smith*, p. 464

... Adam Smith’s championing of *laissez-faire* was scarcely consistent. ...

... the list of exceptions Smith makes to *laissez-faire* is surprisingly long. ...

In addition to the navigation acts and public education, Adam Smith advocated the following forms of government intervention in the economy:

- Regulation of bank paper ...;
- Public works ...;
- Government coinage ...;
- The Post Office ...;
- Compulsory building of fire walls ...;
- Some restrictions of the export of corn (wheat) ...; forcing all payment to be in money.

There is also a particularly lengthy list of taxes advocated by Smith ...

... Adam Smith advocated the soak-the-rich policy of progressive income taxation.

Perhaps Smith's most flagrant violation of *laissez-faire* was his strong advocacy of rigid usury laws ... he urged an interest rate ceiling of 5 percent ...

*Economic Thought Before Adam Smith*, pp. 465–67

... Smith had gone against his eighteenth century colleagues in adopting crucial aspects of John Law's inflationary doctrine, in particular praising expansion of bank credit and money within a specie standard framework. In this way, Smith paved the way for later apologetics on behalf of the Bank of England and its generation of credit expansion.

*Economic Thought Before Adam Smith*, p. 500

... Smith totally set back price and value theory ... in some respects, it has never fully recovered.

*Economic Thought Before Adam Smith*, p. 500

Smith's labor theory of value led to Marxism and all the horrors to which that creed has given rise ...

*Economic Thought Before Adam Smith*, p. 501

... the common picture of economic thought after Smith needs to be reversed. In the conventional view, Adam Smith, the towering founder, by his theoretical genius and by the sheer weight of his knowledge of institutional facts, singlehandedly created the

discipline of political economy as well as the public policy of the free market, and did so out of a jumble of mercantilist fallacies and earlier absurd scholastic notions of a “just price.” The real story is almost the opposite. Before Smith, centuries of scholastic analysis had developed an excellent value theory and monetary theory, along with corresponding free market and hard-money conclusions. Originally embedded among the scholastics in a systematic framework of property rights and contract law based on natural law theory, economic theory and policy had been elaborated still further into a veritable science by Cantillon and Turgot in the eighteenth century. Far from founding the discipline of economics singlehanded, Adam Smith turned his back not only the scholastic and French traditions, but even on his own mentors in the considerably more diluted natural law of the Scottish Enlightenment ...

*Economic Thought Before Adam Smith*, p. 501

Two hundred years ago, Adam Smith pointed out that the developing division of labor is a key to the advance of any economy above the most primitive level.

*Egalitarianism as a Revolt Against Nature*, p. 249

It is freedom and the free market, as Adam Smith well pointed out, that develop the “wealth of nations.”

*Egalitarianism as a Revolt Against Nature*, p. 253

Despite the enormous emphasis on specialization and the division of labor in the *Wealth of Nations*, much of Smith’s discussion was misplaced and misleading.

*Egalitarianism as a Revolt Against Nature*, p. 299

## SOCIAL MOBILITY

... only a free society is casteless, and therefore only freedom will permit mobility of income according to productivity. Statism, on the other hand, is likely to freeze the economy into a mold of (non-productive) inequality.

*Man, Economy, and State with Power and Market*, p. 1308

## SOCIAL SECURITY

... Social Security is bankrupt and should be abolished ...

*Libertarian Forum v. 2, p. 677*

The Social Security system is not only coercive, it is the biggest single racket of all the welfare programs.

*Libertarian Forum v. 2, p. 951*

The Social Security System is the biggest single racket in the entire panoply of welfare-state measures ...

... The whole system is a vast Ponzi scheme, with the difference that Ponzi's notorious swindle at least rested solely on his ability to con his victims, whereas the government swindlers, of course, rely also on a vast apparatus of tax-coercion.

*Making Economic Sense, pp. 68–69*

... the public must pay twice for one payment of social security. The program is essentially one of making more palatable a general taxation of lower-income, wage-earning groups.

*Man, Economy, and State with Power and Market, p. 958*

## SOCIALISM

... Nazi Germany was not the reflection of big business but was a variant of socialism and collectivism.

*Betrayal of the American Right, p. 61*

... socialist central planning simply cannot operate an advanced industrial economy.

*Betrayal of the American Right, p. 183*

... the alleged ideal of communism had come to the world as a messianic and millennial creed.

*Classical Economics, p. 299*

... if all property is owned in common and each person is equal, then the incentive to work is negative ...

*Classical Economics*, p. 302

... certain features are broadly alike in all visions of communism. Private property is eliminated, individualism goes by the board, individuality is flattened, all property is owned and controlled communally, and the individual units of the new collective organism are in some vague way equal to one another.

*Classical Economics*, p. 318

... the essence of the communist society is a secularized religion rather than economics.

*Classical Economics*, pp. 331–32

... the terrible economic suffering of mankind under communism would be fully matched by its intellectual and spiritual deprivation.

*Classical Economics*, p. 333

... socialism cannot calculate, it cannot run a complex modern economic system.

*Economic Controversies*, p. 186

In a socialist state, the government has arrogated to itself virtually all property and power of the country.

*Economic Controversies*, p. 446

If the shell of ownership is left and its contents confiscated by the State, there will be no incentive for owners ... to allocate the assets to the highest bidders and most productive uses.

*Economic Controversies*, p. 594

... socialism can't calculate ...

*Economic Controversies*, p. 678

... socialism would lack the indispensable tool that private entrepreneurs use to appraise and calculate: the existence of a market in the means of production, a market that brings about money prices based on genuine profit-seeking exchanges by private owners of these means of production. Since the very essence of socialism is collective ownership of the means of production, the planning board would not be able to plan, or to make any sort of rational economic decisions. Its decisions would necessarily be completely arbitrary and chaotic, and therefore the existence of a socialist planned economy is literally “impossible” ...

*Economic Controversies*, p. 829

... it is absurd for the socialist planning board to tell their managers to “play market,” to act as if they are owners of their firms in trying to maximize profits and avoid losses.

*Economic Controversies*, p. 837

... there is also no way for a socialist system to rationally estimate the costs (which are dependent on prices in factor markets) of any process of production.

*Economic Controversies*, p. 840

... any rational allocation of productive resources under socialism is indeed impossible.

*Economic Controversies*, p. 844

Socialism, like liberalism and against conservatism, accepted the industrial system and the liberal goals of freedom, reason, mobility, progress, higher living standards for the masses, and an end to theocracy and war; but it tried to achieve these ends by the use of incompatible, conservative means: statism, central planning, communitarianism, etc.

*Egalitarianism as a Revolt Against Nature*, p. 28

Communism was a genuine revolutionary movement that ruthlessly displaced and overthrew the old ruling elites, while fascism, on the contrary, cemented into power the old ruling classes.

Hence, fascism was a counterrevolutionary movement that froze a set of monopoly privileges upon society; in short, fascism was the apotheosis of modern State monopoly capitalism.

*Egalitarianism as a Revolt Against Nature*, p. 34

Socialism is neither genuinely radical nor truly revolutionary. Socialism is a reactionary reversion, a self-contradictory attempt to achieve classical radical ends: liberty, progress, the withering away or abolition of the State, by using old-fashioned statist and Tory means: collectivism and State control. Socialism is a New Toryism doomed to rapid failure whenever it is tried ...

*Egalitarianism as a Revolt Against Nature*, p. 193

At the root of all forms of communism, compulsory or voluntary, lies a profound hatred of individual excellence, a denial of the natural or intellectual superiority of some men over others, and a desire to tear down every individual to the level of a communal ant-heap. In the name of a phony “humanism,” an irrational and profoundly antihuman egalitarianism is to rob every individual of his specific and precious humanity.

*Egalitarianism as a Revolt Against Nature*, p. 201

Socialism was a confused and hybrid movement because it tried to achieve the liberal goals of freedom, peace, and industrial harmony and growth — goals which can only be achieved through liberty and the separation of government from virtually everything — by imposing the old conservative means of statism, collectivism, and hierarchical privilege. It was a movement which could only fail, which indeed did fail miserably ...

*For a New Liberty*, p. 16

... any attempt at communist rule will automatically become class rule ...

*For a New Liberty*, p. 35

... socialism is a disaster because it cannot plan an industrial economy for lack of profit-and-loss incentives, and for lack of a genuine



price system or property rights in capital, land, and other means of production. ... neither socialism nor the various intermediary forms of statism and interventionism can work. Hence, given a general commitment to an industrial economy, these forms of statism would have to be discarded, and be replaced by freedom and free markets.

*For a New Liberty*, pp. 395–96

... fascism was a counter-revolutionary movement that froze a set of monopoly privileges upon society; in short, fascism was the apotheosis of modern State monopoly capitalism.

*Left and Right*, p. 15

Socialism confronts its inner contradiction most starkly. Desperately, it tries to fulfill its proclaimed goals of industrial growth, higher standards of living for the masses, and eventual withering away of the State, and is increasingly unable to do so with its collectivist means.

*Left and Right*, p. 23

Socialism is neither genuinely radical nor truly revolutionary. Socialism is a reactionary reversion, a self-contradictory attempt to achieve classical radical ends [to] liberty, progress, the withering away or abolition of the State, by using old-fashioned statist and Tory means: collectivism and State control. Socialism is a New Toryism doomed to rapid failure whenever it is tried, a failure demonstrated by the collapse of central planning in the Communist countries of Eastern Europe.

*Libertarian Forum v. 1*, p. 29

... fascism: an economy in which big business reaps the profits while the taxpayer underwrites the losses.

*Libertarian Forum v. 1*, p. 173

... socialism cannot calculate ... socialism and communism simply cannot function in a modern industrial society. And since the immense population of the modern world requires an industrial

society to survive, this means that socialism, being totally dysfunctional, cannot endure and must inevitably collapse.

*Libertarian Forum v. 1, p. 175*

The socialist method is both despotic and highly inefficient ...

*Libertarian Forum v. 1, p. 215*

... socialist planning must inevitably lead to totalitarianism ...  
socialism cannot rationally calculate because it lacks a free market pricing system ...

*Libertarian Forum v. 1, p. 516*

... collectivism itself has had a black economic record ...

*Libertarian Forum v. 1, p. 525*

... statistics are a slippery groundwork for political action.

*Libertarian Forum v. 2, p. 1182*

Marx, as well as all the other communists of his day, used “socialism” and “communism” interchangeably to describe their ideal society.

*Logic of Action Two, p. 394*

Ludwig von Mises, at the dawn of the Socialist century, warned, in a famous article, that socialism simply could not work: that it could not run an industrial economy, and could not even satisfy the goals of the central planners themselves, much less of the mass of consumers in whose name they speak.

*Making Economic Sense, p. 414*

... socialism doesn't work ...

*Making Economic Sense, p. 415*

The enemy of freedom, of prosperity, of truly rational economics is socialism period ...

*Making Economic Sense, p. 415*

A socialist economy will inevitably be dictatorial.

*Making Economic Sense*, p. 417

... the only practical and realistic path, the only path toward reform that truly works and works quickly, is the total abolition of socialism and statism across the board.

*Making Economic Sense*, p. 422

... socialism was never a monolith.

*Making Economic Sense*, p. 425

... a socialist economic system cannot calculate, since it lacks a market, and hence lacks prices for producers' and especially for capital goods. ... Socialism is that system in which the State forcibly seizes control of all the means of production in the economy. The reason for the impossibility of calculation under socialism is that one agent owns or directs the use of all the resources in the economy. ... there is no possibility of calculation anywhere in the production structure, since production processes would be only internal and without markets. There could be no calculation, and therefore complete economic irrationality and chaos would prevail ...

*Man, Economy, and State with Power and Market*, pp. 614–15

... to demonstrate that the calculation difficulty does not exist in the ERE is not a solution ...

*Man, Economy, and State with Power and Market*, p. 616

When government ownership or control extends to the entire productive system, then the economic system is called socialism. Socialism, in short, is the violent abolition of the market, the compulsory monopolization of the entire productive sphere by the State.

*Man, Economy, and State with Power and Market*, p. 958

... Mises's demonstration of the impossibility of economic calculation under socialism has never been successfully refuted.

*Man, Economy, and State with Power and Market*, p. 958

... since ownership is, *de facto*, the control of a resource, a Nazi, Fascist, or other “centrally planned” system is as much “socialism” as a Communist regime that officially nationalizes property.

*Man, Economy, and State with Power and Market*, p. 959

All services, all activities, can be provided in two ways only: by freedom or by coercion. The former is the way of the market; the latter, of the State. If all services were organized on the market, the result would be a purely free-market system; if all were organized by the State, the result would be socialism.

*Man, Economy, and State with Power and Market*, pp. 1244–45

State socialism could not plan or allocate rationally ...

*Man, Economy, and State with Power and Market*, p. 1268

Socialism — or collectivism — occurs when the State owns all the means of production. It is the compulsory abolition and prohibition of private enterprise, and the monopolization of the entire productive sphere by the State. Socialism, therefore, extends the principle of compulsory governmental monopoly from a few isolated enterprises to the whole economic system. It is the violent abolition of the market.

*Man, Economy, and State with Power and Market*, pp. 1272–73

... ownership [is] the exclusive control of a resource. It is clear, therefore, that a “planned economy” which leaves nominal ownership in the hands of the previous private owners, but which places the actual control and direction of resources in the hands of the State, is as much socialism as is the formal nationalization of property. The Nazi and Fascist regimes were as socialist as the Communist system that nationalizes all productive property.

*Man, Economy, and State with Power and Market*, p. 1273

Economics is concerned only with the powers of ownership or control that the State exercises. ... Socialism may be monarchical; it may be proletarian; it may equalize fortunes; it may increase inequality. Its essence is always the same: total coercive State dictation over the economy.

The distance between the poles of the purely free market, on the one hand, and total collectivism on the other, is a continuum involving different “mixes” of the freedom principle and the coercive, hegemonic principle.

*Man, Economy, and State with Power and Market*, p. 1274

Socialism cannot calculate and hence must either shift to a market economy or revert to a barbaric standard of living after its plunder of the pre-existing capital structure has been exhausted.

*Man, Economy, and State with Power and Market*, p. 1364

... Communism is simply one consistent wing of socialism ... the reason why Communism must be considered an enemy is precisely that it represents socialism or extreme statism ...

*Strictly Confidential*, p. 92

... Communism is simply one wing of socialism ...

*Strictly Confidential*, p. 333

## SOCIETY

There is, in fact, no “social” point of view, since “society” as an entity does not exist.

*Classical Economics*, p. 89

... “society” does not itself exist, but is made up only of individual people ...

*Economic Controversies*, p. 56

“Society,” however, is not a real entity; it is only a convenient shorthand term for an array of all existing individuals.

*Economic Controversies*, pp. 321–22

... there is no such entity as society or the state ...

*Economic Controversies*, p. 409

... society — the division of labor, the body of knowledge and culture, etc. — is in no sense the state. The state contributes no division of labor to the production process, and does not transmit knowledge or carry civilization forward. Therefore, whatever each of us may owe to “society,” the state can hardly claim, any more than any other group in society, to be surrogate for all social relations in the country.

*Economic Thought Before Adam Smith*, p. 470

... society’s “stereotype” is simply a general insight into the facts of reality.

*Egalitarianism as a Revolt Against Nature*, p. 10

... the society of absolute self-ownership for all rests on the primordial fact of natural self-ownership by every man, and on the fact that each man may only live and prosper as he exercises his natural freedom of choice, adopts values, learns how to achieve them, etc. By virtue of being a man, he must use his mind to adopt ends and means; if someone aggresses against him to change his freely-selected course, this violates his nature; it violates the way he must function. In short, an aggressor interposes violence to thwart the natural course of a man’s freely adopted ideas and values.

*Ethics of Liberty*, pp. 46–47

The libertarian, however, is an individualist; he believes that one of the prime errors in social theory is to treat “society” as if it were an actually existing entity. “Society” is sometimes treated as a superior or quasi-divine figure with overriding “rights” of its own; at other times as an existing evil which can be blamed for all the ills of the world. The individualist holds that only individuals exist, think, feel, choose, and act; and that “society” is not a living entity but simply a label for a set of interacting individuals. Treating society as a thing that chooses and acts, then, serves to obscure the real forces at work.

*For a New Liberty*, p. 45

“Societies” or “groups” have no independent existence aside from the actions of their individual members. Thus, to say that “governments” act is merely a metaphor; actually, certain individuals are in a certain relationship with other individuals and act in a way that they and the other individuals recognize as “governmental.”

*Man, Economy, and State with Power and Market*, pp. 2–3

Any continuing pattern of interpersonal exchanges is called a society ...

The term “society,” then, denotes a pattern of interpersonal exchanges among human beings. It is obviously absurd to treat “society” as “real,” with some independent force of its own. There is no reality to society apart from the individuals who compose it and whose actions determine the type of social pattern that will be established.

*Man, Economy, and State with Power and Market*, pp. 83–84

A society based on voluntary exchanges is called a contractual society. In contrast to the hegemonic society based on the rule of violence, the contractual type of society is based on freely entered contractual relations between individuals. Agreements by individuals to make exchanges are called contracts, and a society based on voluntary contractual agreements is a contractual society. It is the society of the unhampered market.

In a contractual society, each individual benefits by the exchange-contract that he makes. Each individual is an actor free to make his own decisions at every step of the way. Thus, the relations among people in an unhampered market are “symmetrical”; there is equality in the sense that each person has equal power to make his own exchange-decisions. This is in contrast to a hegemonic relationship, where power is asymmetrical — where the dictator makes all the decisions for his subjects except the one decision to obey, as it were, at bayonet point.

Thus, the distinguishing features of the contractual society, of the unhampered market, are self-responsibility, freedom from violence, full power to make one’s own decisions (except the decision to institute violence against another), and benefits for all participating individuals. The distinguishing features of a hegemonic society

are the rule of violence, the surrender of the power to make one's own decisions to a dictator, and exploitation of subjects for the benefit of the masters. ... that existing societies may be totally hegemonic, totally contractual, or various mixtures of different degrees of the two ...

*Man, Economy, and State with Power and Market*, pp. 90–91

In contrast to the hegemonic form of society, in which one person or one group of persons exploits the others, a contractual society leaves each person free to benefit himself in the market and as a consequence to benefit others as well.

*Man, Economy, and State with Power and Market*, p. 100

... a free society will in the long run lead to general abundance and is the necessary condition for that abundance.

*Man, Economy, and State with Power and Market*, p. 655

... there is no such existent entity as “society” apart from individuals ...

*Man, Economy, and State with Power and Market*, p. 964

A free society means a world in which no one aggresses against the person or property of others ...

*Man, Economy, and State with Power and Market*, p. 1047

... in a stateless society there would be no regular, legalized channel for crime and aggression, no government apparatus the control of which provides a secure monopoly for invasion of person and property. When a State exists, there does exist such a built-in channel, namely, the coercive taxation power, and the compulsory monopoly of forcible protection.

*Man, Economy, and State with Power and Market*, p. 1054

Society or the public cannot own anything; only an individual or a set of individuals can do so.

*Man, Economy, and State with Power and Market*, p. 1208



Whenever someone begins to talk about “society” or “society’s” interest coming before “mere individuals and their interest,” a good operative rule is this: guard your pocketbook. And guard yourself! Because behind the facade of “society,” there is always a group of power-hungry doctrinaires and exploiters, ready to take your money and to order your actions and your life. For, somehow, they “are” society!

The only intelligible way of defining society is as the array of voluntary interpersonal relations. And preeminent among such voluntary interrelations is the free market! In short, the market (and the interrelations arising from the market) is society, or at least the bulk and the heart of it.

*Rothbard vs. the Philosophers*, p. 134

## SOUND MONEY

A genuine free market in money, then, would allow the market to select whatever metals it wishes as media of exchange and units of account, without government attempts to fix the exchange rates between them.

*Economic Controversies*, p. 214

The sound money is the genuine gold standard; “genuine” in the sense that each currency is defined as a certain unit of weight of gold, and is redeemable in that weight.

*Making Economic Sense*, p. 295

... one way in which the government finances its own deficits and creates perpetual inflation is through what is essentially the printing of counterfeit money. To end this critical and destructive feature of statism and government intervention, we must return to a sound, free-market money, which means a return to a gold-coin standard for the dollar and the abolition of another crucial despotic federal agency not subject to popular or Congressional control: the Federal Reserve System ...

*Making Economic Sense*, p. 493

## SPECULATION

... speculators, by anticipating the future, help to smooth fluctuations and to allocate oil or any other commodity to its most-valued uses, over time.

*Making Economic Sense*, p. 391

... any actor, when employing means, estimates that he will thus arrive at his desired goal. But he never has certain knowledge of the future. All his actions are of necessity speculations based on his judgment of the course of future events.

*Man, Economy, and State with Power and Market*, p. 7

... a growth of specialized speculation will tend to improve the forecasts of the equilibrium point and hasten the arrival at equilibrium ...

*Man, Economy, and State with Power and Market*, p. 143

Entrepreneurship is also the dominant characteristic of buyers and sellers who act speculatively, who specialize in anticipating higher or lower prices in the future. Their entire action consists in attempts to anticipate future market prices, and their success depends on how accurate or erroneous their forecasts are. Since, ... correct speculation quickens the movement toward equilibrium, and erroneous speculation tends to correct itself, the activity of these speculators tends to hasten the arrival of an equilibrium position.

*Man, Economy, and State with Power and Market*, pp. 158–59

The general effect of speculation is to make both the supply and demand curves more elastic ... The more people engage in such (correct) speculation, the more elastic will be the curves, and, by implication, the more rapidly will the equilibrium price be reached.

*Man, Economy, and State with Power and Market*, p. 251

... all speculation, on the free market, is self-correcting and speeds adjustment, rather than a cause of economic trouble.

*Man, Economy, and State with Power and Market*, p. 792

## SPENCER, HERBERT

... Herbert Spencer, in his critique of utilitarianism, was correct: it is often easier to know what is right than what is expedient.

*Classical Economics*, p. 60

The young Herbert Spencer, in his great treatise *Social Statics*, declared that an individual should be able to opt out of taxation, to “ignore the State,” and to renounce its services.

*Economic Controversies*, p. 477

Th[e] libertarian credo was formulated with particular cogency by Herbert Spencer in his “Law of Equal Liberty” as the suggested fundamental core of his social philosophy ...

*Economic Controversies*, p. 626

The great philosopher Herbert Spencer pointed out the despotism inherent in compulsory education.

*Education: Free and Compulsory*, p. 15

... until very recently in this century there have been virtually no libertarian political philosophers. And even in the far more libertarian nineteenth century, only Herbert Spencer’s great *Social Statics* (1851) set forth a thorough and systematic theory of liberty.

*Ethics of Liberty*, p. xlvii

... Herbert Spencer embodies within himself much of the decline of liberalism in the nineteenth century. ... Spencer began as a magnificently radical liberal, indeed virtually a pure libertarian. But, as the virus of sociology and Social Darwinism took over in his soul, Spencer abandoned libertarianism as a dynamic historical movement, although at first without abandoning it in pure theory. While looking forward to an eventual victory of pure liberty, Spencer began to see its victory as inevitable, but only after millennia of gradual evolution, and thus, in actual fact, Spencer abandoned liberalism as a fighting, radical creed and confined his liberalism in practice to a weary, rearguard action against the

growing collectivism of the late nineteenth century. Interestingly enough, Spencer's tired shift "rightward" in strategy soon became a shift rightward in theory as well.

*For a New Liberty*, p. 21

... the great late-nineteenth-century individualist English philosopher ...

*For a New Liberty*, p. 159

Egalitarianism is ... a literally senseless social philosophy. Its only meaningful formulation is the goal of "equality of liberty" — formulated by Herbert Spencer in his famous Law of Equal Freedom: "Every man has freedom to do all he wills, provided he infringes not the equal freedom of any other man." This goal does not attempt to make every individual's total condition equal — an absolutely impossible task; instead, it advocates liberty — a condition of absence of coercion over person and property for every man.

*Man, Economy, and State with Power and Market*, p. 1311

The "Law of Equal Freedom" could well be renamed "The Law of Total Freedom."

*Man, Economy, and State with Power and Market*, p. 1312

... Spencer's Law of Equal Freedom is really a redundant version of the "extreme" statement and that the first part implies the proviso clause.

*Man, Economy, and State with Power and Market*, p. 1341

It is quite easy to define the Spencerian formula clearly enough so that *laissez-faire* and only *laissez-faire* follows from it. The important point to remember is never to use such vague expressions as "injury," "harm," or "control," but specific terms, such as "physical interference" or "threats of physical violence."

*Man, Economy, and State with Power and Market*, p. 1344

## STATE

... plunderer of private property.

*Classical Economics*, p. 334

The state under any other name would smell as acrid.

*Classical Economics*, p. 335

The essence of the state throughout history is a minority of the population, constituting a power elite or a “ruling class,” governing and living off the majority, or the “ruled.” Since a majority cannot live parasitically off a minority without the economy and the social system breaking down very quickly, and since the majority can never act permanently by itself but must always be led by an oligarchy, every state will subsist by plundering the majority in behalf of a ruling minority.

*Conceived in Liberty* v. 3, p. 351; p. 1115

... the State is the organization of robbery systematized and writ large. The State is the only legal institution in society that acquires its revenue by the use of coercion, by using enough violence and threat of violence on its victims to ensure their paying the desired tribute. The State benefits itself at the expense of its robbed victims. The State is, therefore, a centralized, regularized organization of theft. Its payments extracted by coercion are called “taxation” ...

*Economic Controversies*, p. 459

... “society” — the pattern of voluntary exchanges of goods and services — is most emphatically not identical to the State, the coercive extractor of taxation.

*Economic Controversies*, p. 496

Throughout history, states have existed as instruments for organized predation and exploitation. ... Generally, the State has its inception in naked banditry and conquest, after which the conquerors settle down among the subject population to exact permanent and continuing tribute in the form of “taxation” and to

parcel out the land of the peasants in huge tracts to the conquering warlords, who then proceed to extract “rent.”

*Economic Controversies*, p. 656

... the state is organized theft, organized robbery, organized exploitation. And this essential nature of the state is highlighted by the fact that the state ever rests upon the crucial instrument of taxation.

*Economic Controversies*, p. 675

... the state is simply robbery writ large, on an enormous scale, but robbery legitimated by intellectual opinion.

*Economic Controversies*, p. 676

The nub of the distinction between State and market is that, on the market, all parties gain and benefit from market actions, whereas, in State action, the gains of one group can only be at the expense of others.

*Economic Controversies*, p. 930

Statism logically implies that the state owns all the property in the land, and that all who live on or use such property do so only by the sufferance of the “true” owner.

*Economic Thought Before Adam Smith*, p. 249

But the State! The State’s very being rests on violence, on compulsion. As a matter of fact, the very feature that distinguishes the State from other individuals and groups is that the State has the only (legal) power to use violence. In contrast to all other individuals and organizations, the State issues decrees which must be obeyed at the risk of suffering prison or the electric chair.

*Education: Free and Compulsory*, p. 10

... the State is that organization in society which attempts to maintain a monopoly of the use of force and violence in a given territorial area; in particular, it is the only organization in society that obtains its revenue not by voluntary contribution or payment for services rendered but by coercion. While other individuals or

institutions obtain their income by production of goods and services and by the peaceful and voluntary sale of these goods and services to others, the State obtains its revenue by the use of compulsion; that is, by the use and the threat of the jailhouse and the bayonet.

*Egalitarianism as a Revolt Against Nature*, p. 57

Since production must always precede predation, the free market is anterior to the State. The State has never been created by a “social contract”; it has always been born in conquest and exploitation. The classic paradigm was a conquering tribe pausing in its time-honored method of looting and murdering a conquered tribe, to realize that the time-span of plunder would be longer and more secure, and the situation more pleasant, if the conquered tribe were allowed to live and produce, with the conquerors settling among them as rulers exacting a steady annual tribute.

*Egalitarianism as a Revolt Against Nature*, p. 60

... one of the basic doctrines of the State was to identify itself with the territory it governed. Since most men tend to love their homeland, the identification of that land and its people with the State was a means of making natural patriotism work to the State’s advantage.

*Egalitarianism as a Revolt Against Nature*, p. 66

... the State is profoundly and inherently anticapitalist.

*Egalitarianism as a Revolt Against Nature*, p. 79

The State is a group of people who have managed to acquire a virtual monopoly of the use of violence throughout a given territorial area. In particular, it has acquired a monopoly of aggressive violence, for States generally recognize the right of individuals to use violence (though not against States, of course) in self-defense. The State then uses this monopoly to wield power over the inhabitants of the area and to enjoy the material fruits of that power. The State, then, is the only organization in society that regularly and openly obtains its monetary revenues by the use of aggressive violence; all

other individuals and organizations (except if delegated that right by the State) can obtain wealth only by peaceful production and by voluntary exchange of their respective products. This use of violence to obtain its revenue (called “taxation”) is the keystone of State power.

*Egalitarianism as a Revolt Against Nature*, pp. 120–21

... the State has always been the great enemy and invader of the rights of private property.

*Egalitarianism as a Revolt Against Nature*, p. 200

... the State ... the inherent enemy of liberty and, indeed, of genuine law.

*Ethics of Liberty*, p. xlix

The State indeed performs many important and necessary functions ... But this in no way demonstrates that only the State can perform such functions, or, indeed, that it performs them even passably well.

*Ethics of Liberty*, p. 161

... the crucial monopoly is the State’s control of the use of violence ...

*Ethics of Liberty*, p. 162

... the State, which subsists on taxation, is a vast criminal organization ...

*Ethics of Liberty*, p. 166

The State, by its very nature, must violate the generally accepted moral laws to which most people adhere. Most people are agreed on the injustice and criminality of murder and theft. The customs, rules, and laws of all societies condemn these actions. The State, then, is always in a vulnerable position, despite its seeming age-old might. What particularly needs to be done is to enlighten the public on the State’s true nature, so that they can see that the State



habitually violates the generally accepted injunctions against robbery and murder, that the State is the necessary violator of the commonly accepted moral and criminal law.

*Ethics of Liberty*, p. 170

The State may therefore be defined as that organization which possesses either or both (in actual fact, almost always both) of the following characteristics: (a) it acquires its revenue by physical coercion (taxation); and (b) it achieves a compulsory monopoly of force and of ultimate decision-making power over a given territorial area. Both of these essential activities of the State necessarily constitute criminal aggression and depredation of the just rights of private property of its subjects (including self-ownership). For the first constitutes and establishes theft on a grand scale; while the second prohibits the free competition of defense and decision-making agencies within a given territorial area-prohibiting the voluntary purchase and sale of defense and judicial services.

*Ethics of Liberty*, pp. 172–73

In a truly free society, a society where individual rights of person and property are maintained, the State, then, would necessarily cease to exist.

*Ethics of Liberty*, p. 173

... no one is morally required to obey the State. ... “stealing” from the State, for example, is removing property from criminal hands.

...

Lying to the State, then, also becomes *a fortiori* morally legitimate. Just as no one is morally required to answer a robber truthfully when he asks if there are any valuables in one’s house, so no one can be morally required to answer truthfully similar questions asked by the State, e.g., when filling out income tax returns.

*Ethics of Liberty*, p. 183

The State is not, as most utilitarian free-market economists like to think, a legitimate social institution that tends to be bumbling and inefficient in most of its activities. On the contrary, the State is an

inherently illegitimate institution of organized aggression, of organized and regularized crime against the persons and properties of its subjects. Rather than necessary to society, it is a profoundly antisocial institution which lives parasitically off of the productive activities of private citizens. Morally, it must be considered as illegitimate and outside of the ordinary libertarian legal system ... from the point of view of justice and morality, the State can own no property, require no obedience, enforce no contracts made with it, and indeed, cannot exist at all.

*Ethics of Liberty*, p. 187

... each State has a monopoly of violence ...

*Ethics of Liberty*, p. 194

... every State where the facts are available originated by a process of violence, conquest, and exploitation ...

*Ethics of Liberty*, p. 231

... throughout history and into the present day, there has been one central, dominant, and overriding aggressor upon all of these rights: the State. In contrast to all other thinkers, left, right, or in between, the libertarian refuses to give the State the moral sanction to commit actions that almost everyone agrees would be immoral, illegal, and criminal if committed by any person or group in society. The libertarian, in short, insists on applying the general moral law to everyone, and makes no special exemptions for any person or group. But if we look at the State naked, as it were, we see that it is universally allowed, and even encouraged, to commit all the acts which even non-libertarians concede are reprehensible crimes. The State habitually commits mass murder, which it calls “war,” or sometimes “suppression of subversion”; the State engages in enslavement into its military forces, which it calls “conscription”; and it lives and has its being in the practice of forcible theft, which it calls “taxation.”

*For a New Liberty*, pp. 28–29

... the State arrogates to itself a virtual monopoly of violence and of ultimate decision-making in society.

*For a New Liberty*, p. 58

... the typical model of the origin of the State was not via a voluntary “social contract” but by the conquest of one tribe by another. The original liberty of the tribe or the peasantry thus falls victim to the conquerors. At first, the conquering tribe killed and looted the victims and rode on. But at some time the conquerors decided that it would be more profitable to settle down among the conquered peasantry and rule and loot them on a permanent and systematic basis. The periodic tribute exacted from the conquered subjects eventually came to be called “taxation.” And, with equal generality, the conquering chieftains parcelled out the land of the peasantry to the various warlords, who were then able to settle down and collect feudal “rent” from the peasantry. The peasants were often enslaved, or rather enserfed, to the land itself to provide a continuing source of exploited labor for the feudal lords.

*For a New Liberty*, p. 78

... what is the State anyway but organized banditry? What is taxation but theft on a gigantic, unchecked, scale? What is war but mass murder on a scale impossible by private police forces? What is conscription but mass enslavement? Can anyone envision a private police force getting away with a tiny fraction of what States get away with, and do habitually, year after year, century after century?

*For a New Liberty*, pp. 293–94

The State is the major enemy of mankind ...

*For a New Liberty*, p. 385

... the State is a parasitic enemy of society ...

*For a New Liberty*, p. 387

... the State is the great predatory enemy of the human race, that the State is, in its very being, the organization and regularization of predation, exploitation, and robbery.

*Left and Right*, p. 360

... the enemy is the State ...

*Libertarian Forum v. 1, p. 65*

... it is axiom of libertarian thought that the State is a criminal gang, living off the robbery of tax-coercion and using these funds to murder, pillage, enslave, and endow favored groups with special privilege. The State is founded and has its very being in the use of aggressive violence. Therefore, any violence used against the State is moral, for it is the moral equivalent of using violence to protect one's person and property from armed marauders. The act of revolution is, therefore, always moral.

*Libertarian Forum v. 1, p. 147*

... the State, any state *per se*, is morally evil because it is founded and has its very being in permanent aggression against the life and property of its subjects.

*Libertarian Forum v. 1, p. 163*

... the breakdown of statism is inevitable ... statism cannot work ...

*Libertarian Forum v. 1, p. 386*

The essence of the State through history is that a minority of the population, who constitute a "ruling class," govern, live off of, and exploit the majority, or the "ruled." Since a majority cannot live parasitically off a minority without the economy and the system breaking down very quickly, and since the majority can never act permanently by itself but must always be governed by an oligarchy, every State will persist by plundering the majority on behalf of a ruling minority. A further or corollary reason for the inevitability of minority rule is the pervasive fact of the division of labor; the majority of the public must spend most of its time about the business of making a daily living. Hence the actual rule of the State must be left to full-time professionals who are necessarily a minority of the society.

Throughout history, then, the State has consisted of a minority plundering and tyrannizing over a majority.

*Libertarian Forum v. 1, pp. 520–21*

... the State is the only institution or organization in society which regularly and systematically acquires its income through the use of physical coercion. All other individuals or organizations acquire their income voluntarily, either (a) through the voluntary sale of goods and services to consumers on the market, or (b) through voluntary gifts or donations by members or other donors.

*Libertarian Forum v. 1*, p. 535

... no combination of private marauders can possibly begin to match the State's unremitting record of theft, confiscation, oppression, and mass murder.

*Libertarian Forum v. 1*, p. 536

... the State provides an easy, legitimated channel for crime and aggression, since it has its very being in the crime of tax-theft, and the coerced monopoly of "protection."

*Libertarian Forum v. 1*, p. 539

... statism, in addition to its gross immorality, doesn't work ...

*Libertarian Forum v. 1*, p. 573

... the State has always been the major aggressor ... all States are evil ...

*Libertarian Forum v. 2*, p. 639

... the State is the enemy of mankind. ... the State, any State, is a predatory gang of criminals.

*Libertarian Forum v. 2*, p. 773

For if the very being of an organization — the State — rests on organized theft, then this makes the State simply an organization of thieves, a criminal institution. Unlike other robbers and criminals, the State, far from being scorned and reviled as are most other marauders, is admired and even worshipped as "sovereign." The State is the only socially legitimate organization of criminals.

*Libertarian Forum v. 2*, p. 1178

... the State — produces nothing; it acts as a parasitic blight upon the first, productive nation: taxing, looting, inflating, controlling, propagandizing, murdering.

*Making Economic Sense*, p. 407

... the State is the only organization in society legally equipped to use violence ...

*Man, Economy, and State with Power and Market*, p. 877

Since all State actions rest on the fundamental binary intervention of taxation, it follows that no State action can increase social utility, i.e., can increase the utility of all affected individuals.

*Man, Economy, and State with Power and Market*, pp. 881–82

... since the State is what we have now, any experimentation with a stateless society would have nothing to lose and everything to gain.

*Man, Economy, and State with Power and Market*, p. 1055

... the State is uniquely the agency engaged in regularized violence on a large scale.

*Man, Economy, and State with Power and Market*, p. 1057

... the State has no incentive or means for efficient allocation ...

*Man, Economy, and State with Power and Market*, p. 1207

... the State must separate society into two classes, or castes: the taxpaying caste and the tax-consuming caste.

*Man, Economy, and State with Power and Market*, p. 1221

... the State cannot be described as a business, engaged in selling services on the market ... it is ludicrous to equate it to a charitable organization. Government is the very negation of charity.

*Man, Economy, and State with Power and Market*, p. 1228

... the State is always inefficient ...

*Man, Economy, and State with Power and Market*, p. 1319

... the “middle-of-the-road” statist, who concedes the evil of violence but adds that the violence of government is sometimes necessary to counteract the “private coercion of economic power,” is caught in an impossible contradiction.

*Man, Economy, and State with Power and Market*, p. 1327

State power is the power of man over man — the wielding of coercive violence by one group over another.

*Man, Economy, and State with Power and Market*, p. 1331

The State and society are by no means coextensive. ... the State is an antisocial instrument ...

*Man, Economy, and State with Power and Market*, p. 1336

... the State is a compulsory monopoly in which payment is separated from receipt of service. As long as this condition exists, there can indeed be no market “measure” of its marginal productivity.

*Man, Economy, and State with Power and Market*, p. 1353

## STATISTICS

... statistics are desperately needed for any sort of government planning of the economic system. In a free market economy, the individual business firm has little or no need of statistics. It need only know its prices and costs. Costs are largely discovered internally within the firm and are not the general data of the economy which we usually refer to as “statistics.” The “automatic” market, then, requires virtually no gathering of statistics; government intervention, on the other hand, whether piecemeal or fully socialist, could do literally nothing without extensive ingathering of masses of statistics. Statistics are the bureaucrat’s only form of economic knowledge, replacing the intuitive, “qualitative” knowledge of the entrepreneur, guided only by the quantitative profit-and-loss test. Accordingly, the drive for government intervention, and the drive for more statistics, have gone hand in hand.

*Economic Controversies*, pp. 337–38

... a leading cause of the proliferation of governmental statistics is the need for statistical data in government economic planning. But the relationship works also in reverse: the growth of statistics, often developed originally for its own sake, ends by multiplying the avenues of government intervention and planning. In short, statistics do not have to be developed originally for politico-economic ends; their own autonomous development, directly or indirectly, opens up new fields for interventionists to exploit. ...

... the statistically-oriented will tend to become interventionists.

*Economic Controversies*, pp. 342–43

... the great bulk of statistics is gathered by government coercion. This not only means that they are products of unwelcome activities; it also means that the true cost of these statistics to the American public is much greater than the mere amount of tax money spent by the government agencies. Private industry, and the private consumer, must bear the burdensome costs of record-keeping, filing, and the like, that these statistics demand. Not only that; these fixed costs impose a relatively great burden on small business firms, which are ill-equipped to handle the mountains of red tape. Hence, these seemingly innocent statistics cripple small business enterprise and help to rigidify the American business system.

*Economic Controversies*, p. 428

... statistics are, in a crucial sense, critical to all interventionist and socialist activities of government. ...

... statistics are the eyes and ears of the bureaucrat, the politician, the socialistic reformer.

*Economic Controversies*, p. 429

... the absence of statistics would absolutely and immediately wreck any attempt at socialistic planning. ...

... in all the host of measures that have been proposed over the years to check and limit government or to repeal its interventions, the simple and unspectacular abolition of government statistics would probably be the most thorough and most effective. Statistics, so vital to statism, its namesake, is also the State's Achilles's heel.

*Economic Controversies*, p. 421



... in contrast to the replicable quantitative findings of natural science, statistics of human action are mere listings of particular, non-replicable events, rather than the embodiment of enduring natural law.

*Economic Thought Before Adam Smith*, p. 481

... statistics cannot refute logic ...

*Making Economic Sense*, p. 9

... we never know all the data ...

*Making Economic Sense*, p. 29

The normal curve is a symmetrical, bell-shaped curve familiar to all statistics textbooks.

*Making Economic Sense*, p. 31

The aggressively “scientific” statistician has become our purported faith-healer, our evangelical Witch Doctor, who has come to restore our faith in that monster Idol; the State.

*Libertarian Forum v. 1*, p. 5

... I am an open and long-time condemner of the overuse of statistics, and I deplore as much as anyone the new trend in “scientific” economic history to hurl vast quantities of processed statistics at the reader, and conclude that one has captured the “feel” and essence of the past. But some statistics, surely, are necessary ...

*Strictly Confidential*, p. 87

## STRATEGY

It is absurd to try to reach the stateless society via the absolute maximization of state power in a totalitarian dictatorship. ... The result can only be maximum statism and hence maximum slavery.

*Classical Economics*, p. 334

... appealing to a monarch to impose *laissez-faire* from above can only be a losing strategy.

*Economic Thought Before Adam Smith*, p. 267

It is fatal, however, to abandon and lose sight of one's own principles in the quest for allies in specific tactical actions.

*Egalitarianism as a Revolt Against Nature*, p. 199

... the libertarian goal must be sought in the spirit of an overriding devotion to justice.

*Ethics of Liberty*, p. 258

The goal of immediate liberty is not unrealistic or "Utopian" because — in contrast to such goals as the "elimination of poverty" — its achievement is entirely dependent on man's will. If, for example, everyone suddenly and immediately agreed on the overriding desirability of liberty, then total liberty would be immediately achieved.

*Ethics of Liberty*, p. 259

Gradualism in theory, in fact, totally undercuts the overriding goal of liberty itself ...

*Ethics of Liberty*, p. 260

... a strategy for liberty must not include any means which undercut or contradict the end itself ... Are we then saying that "the end justifies the means"? This is a common, but totally fallacious, charge often directed toward any group that advocates fundamental or radical social change. For what else but an end could possibly justify any means?

*Ethics of Liberty*, p. 261

... the libertarian goal, the victory of liberty, justifies the speediest possible means toward reaching the goal, but those means cannot be such as to contradict, and thereby undercut, the goal itself.

*Ethics of Liberty*, p. 261

The libertarian must use his strategic intelligence and knowledge of the issues of the day to set his priorities of political importance.

*Ethics of Liberty*, p. 263

... the means taken must never contradict the goal — whether by advocating gradualism, by employing or advocating any aggression against liberty, by advocating planned programs, or by failing to seize any opportunity to reduce State power or by ever increasing it in any area.

*Ethics of Liberty*, p. 264

... to prefer a gradual whittling away to immediate abolition of an evil and coercive institution is to ratify and sanction such evil, and therefore to violate libertarian principles.

*For a New Liberty*, p. 18

... the libertarian must never advocate or prefer a gradual, as opposed to an immediate and rapid, approach to his goal. For by doing so, he undercuts the overriding importance of his own goals and principles.

*For a New Liberty*, p. 379

... To really pursue the goal of liberty, the libertarian must desire it attained by the most effective and speediest means available. ...

The libertarian, then, should be a person who would push the button, if it existed, for the instantaneous abolition of all invasions of liberty.

*For a New Liberty*, p. 379

... the ultimate end of liberty be always held aloft as the desired goal ... no steps or means ever explicitly or implicitly contradict the ultimate goal. A short-run demand may not go as far as we would like, but it should always be consistent with the final end; if not, the short-run goal will work against the long-run purpose, and opportunistic liquidation of libertarian principle will have arrived.

*For a New Liberty*, p. 383

... the libertarian must never allow himself to be trapped into any sort of proposal for “positive” governmental action; in his perspective, the role of government should only be to remove itself from all spheres of society just as rapidly as it can be pressured to do so.

*For a New Liberty*, p. 386

... the proper course for the right-wing opposition must necessarily be a strategy of boldness and confrontation, of dynamism and excitement, a strategy; in short, of rousing the masses from their slumber and exposing the arrogant elites that are ruling them, controlling them, taxing them, and ripping them off.

*Irrepressible Rothbard*, p. 10

Any libertarian strategy must recognize that intellectuals and opinion-molders are part of the fundamental problem, not just because of error, but because their own self-interest is tied into the ruling system.

*Irrepressible Rothbard*, p. 39

Liberty cannot be fully achieved unless libertarians exist in numbers to guide the people to the proper path. ... The liberals of the past have left to modern libertarians a glorious heritage, not only of ideology but of victories against far more devastating odds. The liberals of the past have also left a heritage of the proper strategy and tactics for libertarians to follow: Not only by leading rather than remaining aloof from the masses; but also by not falling prey to short-run optimism. For short-run optimism, being unrealistic, leads straightway to disillusion and then to long-run pessimism; just as, on the other side of the coin, long-run pessimism leads to exclusive and self-defeating concentration on immediate and short-run issues. Short-run optimism stems, for one thing, from a naïve and simplistic view of strategy: that liberty will win merely by educating more intellectuals, who in turn will educate opinion-molders, who in turn will convince the masses, after which the State will somehow fold its tent and silently steal away. Matters are not that easy; for libertarians face not only a problem of education but also a problem of power; and it is a law of history that a ruling caste has never voluntarily given up its power.

*Left and Right*, p. 25

... the division of labor is just as important and as valid in revolution [as] in any other sphere of activity. ... Let us do what we can do best, which is to spread the message and the actions of freedom, and of radical defense of property rights, to the middle-class masses who are potentially our allies and supporters. If we do so, then we won't have to worry about who will win out in the final result.

*Libertarian Forum v. 1, p. 66*

... the nub and the heart of libertarian strategy must be ideas and scholarship ...

*Libertarian Forum v. 1, p. 375*

... what any ideological group or movement needs is rigidity in principle, but flexibility in tactics.

*Libertarian Forum v. 1, p. 447*

To achieve ultimate libertarian victory, it will undoubtedly become necessary for Libertarians to attain political office ...

*Libertarian Forum v. 1, p. 475*

... you cannot roll back or whittle away statism — whether it be the government's inflation, its budget, or its numerous depredations and controls on the economy — by getting a few “good guys” in there to speak Truth to Mr. President. ... In the case of the State, the only thing that will roll back State power in any and all areas is the growth of a mass movement from below, i.e., among the public outside of and subjected to State power. Only a mass movement from below and outside: either by individual or organized actions, by *ad hoc* organizations, or by a Libertarian Party, or by all together, can hope to exert the pressure necessary to roll back the State.

*Libertarian Forum v. 1, p. 510*

... the State benefits from exploiting the citizenry, and is not about to cheerfully or shamefacedly surrender those benefits upon reading libertarian literature.

*Libertarian Forum v. 2, p. 658*

... the State must be diminished as fast and as completely as possible. Period.

And that is why the radical libertarian is not only an abolitionist, but also refuses to think in such terms as a Four Year Plan for some sort of stately and measured procedure for reducing the State. ... The radical cannot think in such terms, because the radical regards the State as our mortal enemy, which must be hacked away at wherever and whenever we can. To the radical libertarian, we must take any and every opportunity to chop away at the State, whether it's to reduce or abolish a tax, a budget appropriation, or a regulatory power.

*Libertarian Forum v. 2, p. 780*

A genuine libertarian stance, like our platform, must be abolitionist; that is, we must not ourselves embrace gradualism as in some way better than an immediate achievement of the libertarian goal.

*Libertarian Forum v. 2, p. 950*

... I do not believe for a minute that political action is immoral for a libertarian or an anarchist ...

*Libertarian Forum v. 2, p. 1090*

... gradual reform provides a convenient excuse to the vested interests, monopolists, and inefficient sluggards who are the beneficiaries of socialism, to change nothing at all.

*Making Economic Sense, p. 423*

... the only worthwhile analysis of the contemporary political and economic scene rests consistently on firm scholarly principles.

*Making Economic Sense, p. 458*

No science, no discipline, develops in thin air, in the abstract; it must be nurtured and advanced by people, by individual men and women who talk to each other, write to and for each other, interact and help build the body of Austrian economics and the people who sustain it.

*Making Economic Sense, p. 461*

Our objective is, of course, to advance our principles — to spread libertarian-individualist thought (from now on to be called “libertarian” for short) among the people and to spread its policies in the political arena. This is our objective, which must never be lost sight of. We must, then, always aim toward the advancement of libertarian thought, both in its creative development, and its spread among the intellectuals and eventually the “masses.” This is the ultimate essence of our aim ...

*Strictly Confidential*, p. 9

To be inconsistent in the name of “practicality” is to betray the libertarian position itself, and is worthy of the utmost condemnation.

*Strictly Confidential*, p. 10

... the long run and the short run must be basically in harmony; strategy and tactics must be in harmony for any sort of coherent policy to emerge.

*Strictly Confidential*, p. 358

## SUBJECTIVISM

Subjectivism stems from the important point that individuals value only subjectively: that goods and resources are evaluated by individual minds, for example, by consumers, and that prices of goods and services are determined only by relative valuations of those goods by all individuals in the market.

*Economic Controversies*, p. 171

## SUPPLY AND DEMAND

... market demand curves are constituted by a spectrum of supra-marginal, marginal, and submarginal buyers ...

*Classical Economics*, p. 122

... the supply relevant to the real, day-to-day market price is a previously produced stock of a good now fixed for the immediate

present period (in short, what would now be called a vertical supply curve for the immediate market period).

*Classical Economics*, p. 123

... in the real world, all prices are determined by the interaction of supply and demand. For individual prices, this means consumer valuations and consumer demands for a given stock: supply and demand in the real world. This is “short-run” micro-analysis.

*Classical Economics*, p. 167

... the real world of markets is not perfectly, but still harmoniously and dynamically coordinated by two crucial elements: a price system that is free to fluctuate to equate the changing forces of supply and demand; and entrepreneurs who, in their continuing search for increased profits and avoidance of losses, perform this coordinating task.

*Classical Economics*, p. 432

The market supply curve, therefore, should be vertical in the usual supply-demand diagram. The standard Marshallian forward-sloping supply curve illegitimately incorporates a time dimension within it ...

*Economic Controversies*, p. 529

The genuine demand schedule is hypothetical, subjective, and instantaneous: all it says is that at a given moment, at price  $x$ , consumers would purchase a certain quantity  $y$  of the product. And the point of this schedule is precisely that we don't know and can't know this subjective relation, that there is no way to find out, and that the only point of the demand schedule is to show that, at any given time, the demand curve is “falling,” that is, as the price falls the quantity demanded increases, and vice versa. Properly, the law is qualitative and never quantitative, and there is never any way to establish such quantities.

*Economic Thought Before Adam Smith*, p. 311



... the free market never suffers from a shortage, as supply always rises to meet demand.

*Libertarian Forum v. 1*, p. 546

... equilibrium price is the price at which the good will tend to be set and sales to be made.

*Man, Economy, and State with Power and Market*, p. 116

The specific feature of the “clearing of the market” performed by the equilibrium price is that, at this price alone, all those buyers and sellers who are willing to make exchanges can do so.

*Man, Economy, and State with Power and Market*, p. 117

The result of the market process is always to tend toward the establishment of the equilibrium price via the mutual bidding of buyers and sellers. ...

Once the market price is established, it is clear that one price must rule over the entire market. This has already been implied by the fact that all buyers and sellers will tend to exchange at the same price as their marginal competitors. There will always be a tendency on the market to establish one and only one price at any time for a good. ... drives for arbitrage gains (buying and selling to take advantage of discrepancies in the price of a good) act quickly to establish one price for one good over the entire market. Such market prices will tend to change only when changing supply and demand conditions alter the equilibrium price and establish a condition of excess supply or excess demand where before the market had been cleared.

*Man, Economy, and State with Power and Market*, p. 119

... the demand curve must always be vertical or rightward-sloping as the price decreases, while the supply curve must always be vertical or leftward-sloping as the price decreases. The curves will intersect at the equilibrium price, where supply and demand are equal.

*Man, Economy, and State with Power and Market*, p. 120

One price will tend to be established for each good on the market, and that price will tend to be the equilibrium price, determined by the intersection of the market supply and demand schedules.

*Man, Economy, and State with Power and Market*, p. 125

The market is always tending quickly toward its equilibrium position, and the wider the market is, and the better the communication among its participants, the more quickly will this position be established for any set of schedules.

*Man, Economy, and State with Power and Market*, p. 143

... the fact that men seek their greatest utility sets forces into motion that establish the money price at a certain equilibrium point ...

*Man, Economy, and State with Power and Market*, p. 247

What the equilibrium price will be depends upon the configuration of the supply and demand schedules ...

*Man, Economy, and State with Power and Market*, p. 247

For all goods, the establishment of the equilibrium price tends to establish a state of rest, a cessation of exchanges. After the price is established, sales will take place until the stock is in the hands of the most capable possessors ...

*Man, Economy, and State with Power and Market*, p. 255

The sellers who are included in the sale at the equilibrium price are those whose value scales make them the most capable, the most eager, sellers. Similarly, it will be the most capable, or most eager, buyers who will purchase the good at the equilibrium price. ... Those who are excluded from sale or purchase by their own value scales are the “less capable,” or “less eager,” buyers and sellers. ... Under the law of price uniformity, all the exchanges are made at the equilibrium price (once it is established), i.e., between the valuations of the marginal buyer and those of the marginal seller, with the demand and supply schedules and their intersection determining the point of the margin. It is clear from the nature of human action that all buyers will benefit (or decide they will benefit) from the exchange. Those

who abstain from buying the good have decided that they would lose from the exchange. These propositions hold true for all goods.

*Man, Economy, and State with Power and Market*, p. 257

If two prices for one good exist, people will tend to rush to purchase in the cheaper market and sell more of the good in the more expensive market, until the play of supply and demand on each market establishes an “equilibrium” price and eliminates the arbitrage opportunity.

*Man, Economy, and State with Power and Market*, pp. 290–91

... any given price is always determined by two fundamental, underlying forces: supply and demand, or the supply of that product and the intensity of demand to purchase it.

*Mystery of Banking*, p. 15

... all other things remaining the same, the higher the price of a product the less will be purchased. Conversely, the lower the price the more will be purchased.

*Mystery of Banking*, p. 16

The lower the price of any product (other things being equal), the greater the quantities that buyers will be willing to purchase. And vice versa.

*Mystery of Banking*, pp. 17–18

... price responds inversely to supply. If supply increases, price will fall; if supply falls, price will rise.

*Mystery of Banking*, p. 24

... price responds directly to changes in demand. If demand increases, price rises; if demand falls, the price drops.

*Mystery of Banking*, p. 26

...on the free market a rise in the demand for and price of one product will necessarily be counterbalanced by a fall in the demand for another.

*Mystery of Banking*, p. 27

## SUPPLY-SIDE ECONOMICS

... one wonders why the overriding goal of fiscal policy should be to maximize government revenue. A far sounder objective would be to minimize the revenue and the resources siphoned off to the public sector.

*America's Great Depression*, p. xix

The supply-siders are interventionists and not free-market advocates; they simply want different kinds of intervention.

*Libertarian Forum* v. 2, p. 1002

... Laffer assumes that what all of us want is to maximize tax revenue to the government. ... I should think we would be more interested in minimizing government revenue by pushing tax rates far, far below whatever the Laffer Optimum might happen to be.

*Making Economic Sense*, pp. 17–18

A central theme of the supply-side school is that a sharp cut in marginal income-tax rates will increase incentives to work and save, and therefore investment and production. That way, few people could take exception. But there are other problems involved. ...

... the supply-siders want to maintain the current swollen levels of federal spending.

*Making Economic Sense*, p. 41

## TARIFFS

Tariffs and various forms of import quotas prohibit, partially or totally, geographical competition for various products. Domestic firms are granted a quasi monopoly and, generally, a monopoly price. Tariffs injure the consumers within the “protected” area, who are prevented from purchasing from more efficient competitors at a lower price. They also injure the more efficient foreign firms and the consumers of all areas, who are deprived of the advantages of geographic specialization. In a free market, the best resources will tend to be allocated to their most value-productive

locations. Blocking interregional trade will force factors to obtain lower remuneration at less efficient and less value-productive tasks.

*Man, Economy, and State with Power and Market*, p. 1101

The arguments for tariffs have one thing in common: they all attempt to prove that the consumers of the protected area are not exploited by the tariff. These attempts are all in vain.

*Man, Economy, and State with Power and Market*, p. 1102

## TAXES

Taxation, then, is the coercive imposition of a burden upon the members of the public for the benefit of the government, or, more precisely, of the ruling class in command of the government. ...

... taxes are a burden coercively imposed on society by the “ruling power.”

*Classical Economics*, pp. 41–42

... taxation cripples rather than stimulates production, since it robs people of resources that they would rather use differently ...

*Classical Economics*, p. 42

... it is absurd to hold that “voluntary coercion” can be a demonstrated preference. If the decision were truly voluntary, no tax coercion would be necessary — people would voluntarily and publicly agree to pay their share of contributions to the common project.

*Economic Controversies*, p. 327

Taxes are parasitic and statist; they cripple energies, savings, and production. Taxes invade and aggress against the rights of private property. The higher the taxes, the more the economy becomes socialistic; the lower they are, the closer the economy approaches true freedom and genuine privatization, which means a system of complete rights of private property.

*Economic Controversies*, p. 436

... there is no tax or system of taxes that could be neutral to the market.

*Economic Controversies*, p. 438

... all government activities necessarily divert incomes, resources, and assets from the market, and therefore that the quest for a neutral tax or expenditure policy is an impossible one and the concept a myth.

*Economic Controversies*, p. 449

The idea that taxation is voluntary seems to be endemic among economists and social scientists, though hardly so among the general public. But if an individual refuses to pay his assigned tax, coercion will be wielded against him, and if he resists the confiscation of his property he will be shot or jailed. Failure to pay taxes subjects one to civil and criminal penalties.

*Economic Controversies*, p. 461

Taxation, whatever its size or incidence, must distort market processes, must alter the allocation and distribution of assets, incomes, and resources.

*Economic Controversies*, p. 463

... taxes are compulsory and not voluntary ...

*Economic Controversies*, p. 495

The equal tax, or “poll tax,” is surely a far closer approximation to neutral taxation than any of the more common forms of taxation.

...

But even the equal tax cannot be said to be neutral to the market.

*Economic Controversies*, p. 498

Taxation, the heart and soul of government ...

*Economic Controversies*, p. 500

The idea that taxation, and therefore government's fiscal operation, should be neutral to the market — should not disturb the operations of the market nor divert it from its free course — is a noble but impossible one. ... taxation can never be neutral to the market, and the impossibility of this dream is rooted in the very nature of taxation and government. Neutral taxation is merely a chimera. ...

... neutral taxation is an oxymoron ... the free market and taxation are inherently incompatible ...

*Economic Controversies*, p. 501

We have to stop looking at taxes as a mighty system for achieving social goals, which merely needs to be made "fair" and rational in order to usher in Utopia. We have to start looking at taxation as a vast system of robbery and oppression, by which some people are enabled to live coercively and parasitically at the expense of others. We must realize that from the point of view of justice or of economic prosperity, the less people are taxed, the better. That is why we should rejoice at every new loophole, new credit, new manifestation of the "underground" economy. ... Every economic activity that escapes taxes and controls is not only a blow for freedom and property rights; it is also one more instance of a free flow of productive energy getting out from under parasitic repression.

*Economic Controversies*, p. 512

... we should look at the free-market system of one price for a good or service. We might then suggest a system not of equal proportional income tax, but of equal tax, period.

*Economic Controversies*, p. 513

The principle should be clear: to support all reductions in taxes, whether they be by lower rates or widening of exemption and deductions; and to oppose all rate increases or exemption decreases. In short, to seek in every instance to remove the blight of taxation as much as possible.

*Economic Controversies*, p. 514

... no one can seriously maintain that an income tax deprived of withholding power, could be collected at its present high levels.

*Economic Controversies*, p. 516

Income taxes are collected in the course of a coercive and even brutal examination of virtually every aspect of every taxpayer's life by the all-seeing, all-powerful Internal Revenue Service.

*Economic Controversies*, p. 517

Surely a sales tax, other things being equal, is manifestly both simpler, less distorting of resources, and enormously less bureaucratic and despotic than the VAT. Indeed the VAT seems to have no clear advantage over the sales tax ...

*Economic Controversies*, p. 519

The consumption tax ... can only be regarded as a payment for permission to live. It implies that a man will not be allowed to advance or even sustain his own life, unless he pays, off the top, a fee to the State for permission to do so.

*Economic Controversies*, p. 519

... it is therefore incorrect to say that an income tax levies an extra burden on savings and investment; it penalizes an individual's entire standard of living, present and future. An income tax does not penalize saving *per se* any more than it penalizes consumption.

... A consumption tax is just as disruptive of voluntary time preferences and market allocations as is a tax on savings.

*Economic Controversies*, p. 524

... a consumption tax will devolve, willy-nilly, into a tax on income and therefore on savings as well. In short, that even if, for the sake of argument, we should want to tax only consumption and not income, we should not be able to do so.

*Economic Controversies*, p. 525



... the general assumption that a sales tax can be readily shifted forward to the consumer is totally fallacious. In fact, the sales tax cannot be shifted forward at all!

... all prices are determined by the interaction of supply, the stock of goods available to be sold, and by the demand schedule for that good. ... Prices are already at highest net income levels for each firm. Any increase in cost, therefore, will have to be absorbed by the firm; it cannot be passed forward to the consumers. Put another way: the levy of a sales tax has not changed the stock already available to the consumers; that stock has already been produced. Demand curves have not changed, and there is no reason for them to do so. Since supply and demand have not changed, neither will price.

*Economic Controversies*, p. 527

... the seemingly common-sense view that a retail sales tax will readily be shifted forward to the consumer is totally incorrect. In contrast, the initial impact of the tax will be on the net incomes of retail firms. Their severe losses will lead to a rapid downward shift in demand curves, backward to land and labor, i.e., to wage rates and ground rents. Hence, instead of the retail sales tax being quickly and painlessly shifted forward, it will, in a longer-run, be painfully shifted backward to the incomes of labor and landowners. Once again, an alleged tax on consumption has been transmuted by the processes of the market into a tax on incomes.

*Economic Controversies*, p. 528

... taxes, over time, cripple production ...

*Economic Controversies*, p. 531

Since income taxes are levied on money income, people tend to shift as much income as possible from monetary to non-monetary forms.

*Economic Controversies*, p. 536

... higher capital gains taxation will strike hardest and foremost at the new, young, venture capitalists going into high-risk, progressive

industries. Heavy capital gains taxation will strike a deadly blow precisely at new, high-risk venture capital.

*Economic Controversies*, p. 538

A tax on wealth directly confiscates property and brings about a decline in the structure of capital and hence of everyone's standard of living.

*Economic Controversies*, p. 540

There is no existing entity called a "corporation" that feels, works, thinks, earns income, and then enjoys that income. A "corporation" is only a label for individuals who organize themselves, and hope to earn income, in certain ways. There is no income-earning thing called a "corporation" that exists and earns income above and beyond the people, that is, the stockholder-owners, who constitute that corporation. Therefore, a tax on corporate income is an unjust and "unfair" (if I may use that term) double tax on the same income, as well as a tax hitting at savings and investment ... end double taxation, and cut the corporate tax to zero.

*Economic Controversies*, p. 541

... there ain't no such thing as a fair tax ...

... by its very nature, taxation is coercive. ... So what then is a "fair" tax? I submit that the concept simply doesn't apply.

*Economic Controversies*, p. 544

... we should set about trying to minimize tax sufferings as much as we can ...

*Economic Controversies*, p. 545

People are, or should be, interested in lowering their own tax burden rather than enviously trying to aggravate the burdens of other people. ... all of us are paying too much.

*Economic Controversies*, p. 545

... there are worse things in the world than complexity. And one of them is paying higher taxes.

*Economic Controversies*, p. 547

Denouncing tax lawyers and accountants is like blaming doctors for the existence of disease, or attacking expenditures on guards, locks, and fences for protecting oneself against crime. Our complaint should not be with tax lawyers and accountants, but with the system that makes them necessary. So long as that system exists, we must realize that they are our shield and our buckler, our defense against the depredations of the tax system.

*Economic Controversies*, p. 548

... the flat tax is neither evidently fair nor genuinely simple nor neutral to the market ... it is merely a snare and a delusion for more confiscatory taxation ...

*Economic Controversies*, p. 548

... the progressive income tax destroys the capital structure and the standard of living of society.

*Economic Controversies*, p. 555

How are all prices of goods set on the market? They are set on the basis of one price for each good, regardless of the incomes of the people on the market. A pound of butter costs the same to a poor man as to a rich man. ... if it is the rule of justice to be neutral with regard to the market, then taxing will take place as nearly as possible on a market basis; it too would tax each person equally. If the government taxes the rich more heavily — in amount, not in “proportion” — than the poor, it is not being neutral ...

*Economic Controversies*, p. 563

... the inheritance tax is a pure tax on capital. It does not tax income at all. It is a pure tax on accumulated capital, and thus leads directly to impoverishment. Not only that, but it is a pure tax on that very form of endeavor that provides the main incentive for long-range accumulation of capital after a man's death — the bequest to one's children. It is therefore a staggering tax on capital. Not only should there be no progressive inheritance tax, there should be no inheritance tax at all. An inheritance tax is pure evil, and no valid arguments can be found for it.

*Economic Controversies*, p. 569

The VAT is, in short, a looming gigantic swindle ...

*Economic Controversies*, p. 589

... taxes never go down. Government, in its insatiable quest for new funds, never relaxes its grip on any source of revenue.

*Economic Controversies*, p. 589

... the VAT is in many ways far worse than a sales tax ...

*Economic Controversies*, p. 590

The only way to reduce Big Government is to cut its tax revenue ...

*Economic Controversies*, p. 592

A 100 percent tax on land values will generate chaos in land and therefore in production generally ...

*Economic Controversies*, p. 596

In contrast to voluntary exchange, taxation is a matter of leaping in and coercively seizing people's property without their consent.

... Taxation, then, is purely and pristinely robbery. Period.

... I challenge any of you to sit down and work out a definition of taxation that would not also be applicable to robbery.

*Economic Controversies*, p. 674

From the point of view of the state and its rules, the people are but a giant goose to be plucked as efficaciously as possible.

*Economic Thought Before Adam Smith*, p. 246

Taxation is theft, purely and simply ...

*Ethics of Liberty*, p. 162

Taxation is theft, purely and simply even though it is theft on a grand and colossal scale which no acknowledged criminals could hope to match. It is a compulsory seizure of the property of the State's inhabitants, or subjects.

It would be an instructive exercise for the skeptical reader to try to frame a definition of taxation which does not also include theft. Like the robber, the State demands money at the equivalent of gun-point; if the taxpayer refuses to pay his assets are seized by force, and if he should resist such depredation, he will be arrested or shot if he should continue to resist.

*Ethics of Liberty*, pp. 162–63

... there can be no such thing as a “neutral” tax, a taxing system that will be neutral to the market as it would have been without taxation.

*Ethics of Liberty*, p. 176

Anyone who truly believes in the “voluntary” nature of taxation is invited to refuse to pay taxes and to see what then happens to him. ... only libertarians are prepared to call taxation what it is: legalized and organized theft on a grand scale.

*For a New Liberty*, p. 30

... anyone who persists in thinking of taxation as in some sense a “voluntary” payment can see what happens if he chooses not to pay.

*For a New Liberty*, p. 62

How can you define taxation in a way which makes it different from robbery?

*For a New Liberty*, p. 63

... taxation, of income, property, or whatever, is the exclusive monopoly of government. No other individual or organization enjoys the privilege of taxation, of acquiring its income by coercion.

*For a New Liberty*, p. 90

In a sense, the entire system of taxation is a form of involuntary servitude.

*For a New Liberty*, p. 104

We must work toward repeal of the income tax and abolition of the IRS.

*Irrepressible Rothbard*, p. 40

The first great lesson to learn about taxation is that taxation is simply robbery. No more and no less. For what is “robbery”? Robbery is the taking of a man’s property by the use of violence or the threat thereof, and therefore without the victim’s consent. And yet what else is taxation?

Those who claim that taxation is, in some mystical sense, really “voluntary” should then have no qualms about getting rid of that vital feature of the law which says that failure to pay one’s taxes is criminal and subject to appropriate penalty. ...

But if taxation is robbery, then it follows as the night the day that those people who engage in, and live off, robbery are a gang of thieves. Hence the government is a group of thieves, and deserves, morally, aesthetically, and philosophically, to be treated exactly as a group of less socially respectable ruffians would be treated.

*Libertarian Forum v. 1*, p. 9

An excess profits tax is a particularly bizarre form of government intervention. ... since profits are earned in proportion to the speed and efficiency by which the business firms adapts to the new event, this means that corporations are penalized precisely in proportion to their success in adapting to the new conditions. A firm that meets the new conditions successfully earns profits and would be penalized by a severe tax; while the firm that sluggishly fails to adapt or to produce the newly-demanded product, suffers no penalizing tax at all. ... No better way can be found to cripple the efficiency and flexibility of the free enterprise system than an excess profits tax.

*Libertarian Forum v. 1*, p. 442

... a tax is only used to build up the coercive machinery of the Leviathan State. It is incumbent, then, on any libertarian or free-market economist worthy of the name, to advocate any tax cut

anywhere, and thereby a cut in coercion and parasitic burdens on the economy.

*Libertarian Forum v. 1, p. 509*

On principle, taxation is theft, and any reduction in taxation whatsoever must be welcomed as allowing producers and individuals to keep more of their own money. Furthermore, in the long run, this can only help the economy by shifting production toward the desires of private consumers ... any tax cut will have a beneficial effect, morally and economically, in both the long and the short run.

... hooray for any tax cuts, anywhere, in any area!

*Libertarian Forum v. 1, p. 533*

We must push for property tax cuts, for sales tax cuts, for income tax cuts, for cuts everywhere, and then, to copper-rivet the slashes by pushing for balanced budget amendments to cut government spending. (A balanced budget amendment without mandated slashes in taxes will bring about disastrous tax raises, and thereby increase statism.)

*Libertarian Forum v. 2, p. 837*

Rebellion against taxes is an old American tradition.

*Libertarian Forum v. 2, p. 844*

... engine of organized theft and oppression.

*Libertarian Forum v. 2, p. 926*

Libertarians are nothing if not anti-taxation ...

*Libertarian Forum v. 2, p. 951*

... all tax credits distort the economy by pushing people in the direction of spending toward which the government would like them to go ... Still, tax credits are excellent, but only insofar as they lower taxes; our ultimate objective should clearly be to eliminate taxation altogether.

*Libertarian Forum v. 2, p. 952*

Taxes should never be raised under any circumstances. They should always be cut, anywhere and everywhere. Why? First and foremost, because taxation is theft, and the more people are allowed to keep their own money the better. Second, because a price, no matter how high, is always better than a tax. Consumers paying high prices, no matter how distraught by inflation, are at least getting some goods and services for their inflated money. But the taxpayer gets nothing from his coerced payment except grief and the buildup of an oppressive State Leviathan. Taxes are never justifiable. And third, strategically, as Milton Friedman often points out, the only way the government can be forced to reduce its spending is by cutting off its water and lowering taxes.

*Libertarian Forum v. 2, p. 1003*

“Bracket creep” is the sinister process by which the federal government gives a devastating one-two punch to the average American. The first punch is the Federal Reserve printing more money every year, thereby driving up prices and extracting more resources from the private and productive sector. The second punch comes as Fed-created inflation raises prices and incomes across-the-board. For as it does so, the average person is wafted up into a higher tax bracket, and has to pay a higher percentage of his income in taxes.

*Libertarian Forum v. 2, p. 1003*

The pernicious concept of “closing loopholes” echoes the old liberal notion that any amount of one’s earnings that the government graciously allows one to keep is a “loophole” which deserves to be “closed” by Uncle Sam.

*Libertarian Forum v. 2, p. 1006*

... the monstrous withholding provision (put in during World War II as a “wartime emergency” measure, the details of which were worked out by Milton Friedman, then in the Treasury Department) is the key to the success of the income tax plunder.

*Libertarian Forum v. 2, p. 1010*



... there can be no such thing as “fairness in taxation.” Taxation is nothing but organized theft, and the concept of a “fair tax” is therefore every bit as absurd as that of “fair theft.” ... taxation is a system whereby the State robs everyone else, rich, middle, and poor. Taxation is robbery ...

*Libertarian Forum v. 2, p. 1034*

... we seek not only repeal of the income tax, but of all taxes!

*Libertarian Forum v. 2, p. 1144*

If a tax were levied like a market price, it would be *equal* to every “customer,” not proportionate to each customer’s income

*Making Economic Sense, pp. 16–17*

... wherever there is production, there is also parasitic classes living off the producers.

*Making Economic Sense, p. 85*

... increased taxes discourage supply and drive firms out of business.

*Making Economic Sense, p. 155*

Whooping it up for higher taxes is the moral equivalent of some Ugandan theoretician of a few years ago publicly urging Idi Amin to pile on his looting and his despotism still further, or of a Mafia *consigliere* advising the *capo* to add an extra ten percent to the “protection fee” imposed on neighborhood stores. We can think of many names for this sort of activity, but “courage” is surely not one of them.

*Making Economic Sense, p. 222*

... there are things in this life worse than complexity, and one of them is paying more taxes. Complexity is good if it allows you to keep more of your own money.

*Making Economic Sense, pp. 224–25*

There is ... a good reason for our paying money to tax lawyers and accountants. Spending money on them is no more a social waste than our purchase of locks, safes, or fences. If there were no crime, expenditure on such safety measures would be a waste, but there is crime. Similarly, we pay money to the lawyers and accountants because, like fences or locks, they are our defense, our shield and buckler, against the tax man.

*Making Economic Sense*, p. 226

... on the market there is a strong tendency for a good to be priced the same throughout the market; one good, one price. It would be far more neutral to the market, indeed, for everyone to pay, not the same tax in proportion to his income, but the same tax as everyone else, period. Everyone's tax should therefore be equal.

*Making Economic Sense*, p. 228

Tax cuts are good in a recession, or any other time. ...

Tax cuts are good at any time, especially for the long run.

*Making Economic Sense*, p. 267

For years, writers on public finance have been searching for the "neutral tax," i.e., for that system of taxes which would keep the free market intact. The object of this search is altogether chimerical.

*Man, Economy, and State with Power and Market*, p. 908

The tax-and-expenditure process, therefore, will inevitably distort the allocation of productive factors, the types of goods produced, and the pattern of incomes, from what they would be on the free market. The larger the level of taxing and spending, i.e., the bigger the government budget, the greater the distortion will tend to be.

*Man, Economy, and State with Power and Market*, p. 909

The greater the amount of taxes imposed on the producers — the taxpayers — the lower the marginal utility of work will be, for the

returns from work are forcibly diminished, and the greater the marginal utility of leisure forgone.

*Man, Economy, and State with Power and Market*, p. 914

The income tax, by taxing income from investments, cripples saving and investment, since it lowers the return from investing below what free-market time preferences would dictate.

*Man, Economy, and State with Power and Market*, pp. 915–16

... an income tax will shift the social proportion toward more consumption and less saving and investment.

*Man, Economy, and State with Power and Market*, p. 917

... penalizes the individual's entire standard of living ...

*Man, Economy, and State with Power and Market*, p. 918

The free market determines an intricate, almost infinite array and structure of prices, rates, and incomes. The imposition of different taxes disrupts these patterns and cripples the market's work of allocating resources and output.

*Man, Economy, and State with Power and Market*, p. 919

... the quest for a neutral tax — a tax neutral to the market, leaving the market roughly as it was before the tax was imposed — is a hopeless venture. For there can be no uniformity in paying taxes when some people in society are necessarily taxpayers, while others are privileged tax-consumers.

*Man, Economy, and State with Power and Market*, p. 920

... the progressive tax penalizes the able and efficient in even greater proportion than their relative ability and efficiency. Progressive rates are a particular disincentive against especially able work or entrepreneurship. And since such ability is engaged in serving the consumer, a progressive tax levies a particular burden on the consumers as well. ...

... the progressive principle is certainly highly destructive of the market ...

*Man, Economy, and State with Power and Market*, p. 925

Of all the possible types of taxes, the one most calculated to cripple and destroy the workings of the market is the excess profits tax. ... With the drive for profit crippled, profit and loss no longer serve as an effective incentive, or, therefore, as the means for economic calculation in the market economy.

*Man, Economy, and State with Power and Market*, p. 926

The idea that the increased cost will be passed on to the consumer by the employer is an illustration of perhaps the single most widespread fallacy on taxation: that businessmen can simply shift their higher costs forward onto the consumers in the form of higher prices. ... price of a given product is set by the demand schedules of the consumers. There is nothing in higher costs or higher taxes which, *per se*, increases these schedules; hence, any change in selling prices, whether higher or lower, will decrease the revenues of the business involved. ... higher taxes or other costs imposed on the firm will reduce their net incomes rather than be smoothly and easily passed on to consumers. ... No tax (not just an income tax) can ever be shifted forward.

*Man, Economy, and State with Power and Market*, pp. 928–29

... a sales tax is a tax on incomes ...

*Man, Economy, and State with Power and Market*, p. 931n45

... a tax on wages will distort the allocation of labor effort, a tax on profits will cripple the profit-and-loss motor of the economy, a tax on interest will tend to consume capital ...

*Man, Economy, and State with Power and Market*, pp. 934–35

The sales tax is commonly supposed to penalize consumption, rather than income or capital. Yet we find that the sales tax reduces, not just consumption but the incomes of original factors. The general sales tax is therefore an income tax, albeit a rather haphazard one. ... The major effect of the general sales tax will be that of the income tax — to reduce the consumption and the saving-investment of the taxpayers. In fact, since, as we have seen, the income tax by its nature falls more heavily on savings-investment than on consumption, we reach the paradoxical and important conclusion

that a tax on consumption will fall more heavily on savings-investment than on consumption in its ultimate incidence.

*Man, Economy, and State with Power and Market*, pp. 933–34

... an income tax will shift the pattern of exchanges between subjects from what it otherwise would have been.

*Man, Economy, and State with Power and Market*, p. 1060

Taxation is a coerced levy that the government extracts from the populace ...

*Man, Economy, and State with Power and Market*, p. 1149

No tax can be truly neutral; every one will cause distortion. Neutrality can be achieved only on a purely free market ...

*Man, Economy, and State with Power and Market*, p. 1154

No tax can be shifted forward. In other words, no tax can be shifted from seller to buyer and on to the ultimate consumer. ... The price of a good is determined by its total stock in existence and the demand schedule for it on the market. But the demand schedule is not affected at all by the tax. ... A tax, therefore, cannot be passed on to the consumer.

*Man, Economy, and State with Power and Market*, p. 1156

... a sales tax can and will be shifted completely from investment and back to the original factors. The result of a general sales tax is a general reduction in the net revenue accruing to original factors: to all wages and ground rents. The sales tax has been shifted backward to original factor returns. ...

... the tax has ultimately been levied on the incomes of original factors.

*Man, Economy, and State with Power and Market*, p. 1159

The general sales tax is an income tax ...

*Man, Economy, and State with Power and Market*, p. 1161

Everyone in the market suffers as a result of an excise tax ...

... the excise tax also has the same general effect as all other taxes, viz., that the pattern of market demands is distorted from private to government or government-subsidized wants by the amount of the tax intake. ...

... The excise tax is also a tax on incomes ...

*Man, Economy, and State with Power and Market*, pp. 1162–63

An income tax cannot be shifted to anyone else. The taxpayer himself bears the burden. ... Income taxation reduces every taxpayer's money income and real income, and hence his standard of living. His income from working is more expensive, and leisure cheaper, so that he will tend to work less. Everyone's standard of living in the form of exchangeable goods will decline.

*Man, Economy, and State with Power and Market*, pp. 1164–65

... the income tax tends to bring about a reduction in specialization and a breakdown of the market, and hence a retrogression in living standards. Make the income tax high enough, and the market will disintegrate altogether, and primitive economic conditions will prevail.

*Man, Economy, and State with Power and Market*, pp. 1165–66

Any tax levied particularly on their consumption, therefore, is just as much a distortion and invasion of the free market as a tax on their savings. ...

... attempts to tax consumption in the form of sales or production taxation must fail and end as levies on incomes instead.

*Man, Economy, and State with Power and Market*, pp. 1170–71

The corporate income tax greatly hampers the adjustment of the economy to dynamic changes in conditions.

*Man, Economy, and State with Power and Market*, p. 1173

A penalty tax on “excess” business income directly penalizes efficient adjustment of the economy. ... It is difficult to find a tax more indefensible from more points of view than this one.

*Man, Economy, and State with Power and Market*, pp. 1173–74

Even if it were desirable for the government to encourage saving at the expense of consumption, taxing consumption would not do so.

*Man, Economy, and State with Power and Market*, p. 1181

A consumption tax is always shifted so as to become an income tax ...

... there can be no tax on consumption alone; all consumption taxes resolve themselves in one way or another into taxes on incomes.

*Man, Economy, and State with Power and Market*, pp. 1182–83

Accumulated capital, on the contrary, is our heritage from the past; it is the accumulation of tools and equipment and resources from which our present and future standard of living derive. To tax this capital is to reduce the stock of capital, especially to discourage replacements as well as new accumulations, and to impoverish society in the future.

*Man, Economy, and State with Power and Market*, p. 1184

An inheritance tax, therefore, is a pure tax on capital. Its impact is particularly devastating because (a) large sums will be involved, since at some point within a few generations every piece of property must pass to heirs, and (b) the prospect of an inheritance tax destroys the incentive and the power to save and build up a family competence. The inheritance tax is perhaps the most devastating example of a pure tax on capital.

*Man, Economy, and State with Power and Market*, p. 1185

... a property tax necessarily distorts the allocation of resources in production. It penalizes those lines of production in which capital equipment per sales dollar is large and causes resources to shift from these to less “capitalistic” fields. Thus, investment in higher-order productive processes is discouraged, and the standard of living lowered.

*Man, Economy, and State with Power and Market*, p. 1189

It is clear that the wealth tax levies a heavy penalty on accumulated wealth and that therefore the effect of the tax will be to slash accumulated capital. No quicker route could be found to promote capital consumption and general impoverishment than to penalize the accumulation of capital.

*Man, Economy, and State with Power and Market*, p. 1191

The progressive tax imposes a higher rate of taxation on a man earning more. In other words, it acts as a penalty on service to the consumer, on merit in the market. Incomes in the market are determined by service to the consumer in producing and allocating factors of production and vary directly according to the extent of such services. To impose penalties on the very people who have served the consumers most is to injure not only them, but the consumers as well. A progressive tax is therefore bound to cripple incentives, impair mobility of occupation, and greatly hamper the flexibility of the market in serving the consumers. It will consequently lower the general standard of living.

*Man, Economy, and State with Power and Market*, p. 1192

... the level of taxation is far more important than its progressiveness ...

*Man, Economy, and State with Power and Market*, p. 1194

... the result of the [Henry George] single tax would be locational chaos, with waste and misallocation everywhere; overcrowding would prevail ...

*Man, Economy, and State with Power and Market*, p. 1206

... it is clearly idle to look for the “just tax.” If taxation itself is unjust, then it is clear that no allocation of its burdens, however ingenious, can be declared just.

*Man, Economy, and State with Power and Market*, p. 1216

... there is no such thing as a “neutral tax” — a tax that will leave the market free and undisturbed — just as there is no such thing as neutral money.

*Man, Economy, and State with Power and Market*, p. 1216



In the long run, certainty of taxation is an impossible goal.

*Man, Economy, and State with Power and Market*, p. 1217

If a tax is onerous and unjust, evasion might be highly beneficial to the economy, and moral to boot.

*Man, Economy, and State with Power and Market*, p. 1218

It is clear that if a certain burden is unjust, blame should be levied, not on the man who escapes the burden, but on the man or men who impose it in the first place. If a tax is in fact unjust, and some are exempt from it, the hue and cry should not be to extend the tax to everyone, but on the contrary to extend the exemption to everyone.

*Man, Economy, and State with Power and Market*, pp. 1219–20

A tax must first be proven just; if it is unjust, then uniformity is simply imposition of general injustice, and exemption is to be welcomed. Since the very fact of taxation is an interference with the free market, it is particularly incongruous and incorrect for advocates of a free market to advocate uniformity of taxation.

*Man, Economy, and State with Power and Market*, p. 1220

... a tax on accumulated capital would cause general impoverishment.

*Man, Economy, and State with Power and Market*, p. 1224

No clear standard can be found to gauge “ability to pay.” ... the decision is necessarily arbitrary.

*Man, Economy, and State with Power and Market*, p. 1224

... if we compare taxation with the market, we find no basis for adopting the “ability-to-pay” principle. On the contrary, the market price (generally considered the just price) is almost always uniform or tending toward uniformity. Market prices tend to obey the rule of one price throughout the entire market. Everyone pays an equal price for a good regardless of how much money he has or his

“ability to pay.” Indeed, if the “ability-to-pay” principle pervaded the market, there would be no point in acquiring wealth ...

*Man, Economy, and State with Power and Market*, p. 1229

If taxes were to be patterned after market pricing, then, taxes would be levied equally (not proportionately) on everyone.

*Man, Economy, and State with Power and Market*, p. 1230

... the “ability-to-pay” principle means precisely that the able are penalized, i.e., those most able in serving the wants of their fellow men. Penalizing ability in production and service diminishes the supply of the service — and in proportion to the extent of that ability. The result will be impoverishment, not only of the able, but of the rest of society, which benefits from their services.

... the “ability-to-pay” principle resembles more the highway-man’s principle of taking where the taking is good.

*Man, Economy, and State with Power and Market*, pp. 1230–31

The equal-sacrifice theory asks that equal hurt be imposed on all. As a criterion of justice, this is as untenable as asking for equal slavery.

*Man, Economy, and State with Power and Market*, p. 1232

... the equal tax would be far more nearly neutral than any of the other taxes considered, for it would attempt to establish an equal “price” for equal services rendered.

*Man, Economy, and State with Power and Market*, p. 1240

The market tends toward uniformity of pricing and hence toward equal pricing for equal service. Equal taxation, therefore, would be far more nearly neutral and would constitute a closer approach to a market system.

*Man, Economy, and State with Power and Market*, p. 1241

... no bureaucrat can pay taxes. An “equal tax” on a bureaucrat or politician is an impossibility, because he is one of the tax consumers rather than taxpayers. Even when all other subsidies are eliminated,

the government employee remains a permanent obstacle in the path of equal tax. As we have seen, the bureaucrat's "tax payment" is simply a meaningless bookkeeping device.

*Man, Economy, and State with Power and Market*, p. 1242

... neutral taxation is, at bottom, impossible ...

*Man, Economy, and State with Power and Market*, p. 1245

Taxes cripple free energies, productive work and investment. The best way for government to encourage free activity in any area is to remove its own tax burdens on that area.

*Science, Technology, and Government*, p. 101

## TECHNOLOGY

... technology, while vitally important, is only indirectly, and not directly, involved in an investment ... investment is always less than the maximum amount that could possibly exploit existing technology. Therefore, the "state of technical knowledge" is not really a limiting condition to investment. We can see the truth of this by simply looking about us; in every field, in every possible line of investment, there are always some firms which are not using the latest possible equipment, which are still using older methods. This fact indicates that there is a narrower limit on investment than technological knowledge.

*America's Great Depression*, pp. 70–71

New technology improves productivity, but is not essential for creating investment opportunities; these always exist, and are only limited by time preferences and available saving.

*America's Great Depression*, p. 71

Technological processes do not only require inventions. They must be brought forth from the invention stage and be embodied in concrete machines and processes. But that requires savings and capital investment as well as invention. ... the legal and property

rights system in society, help determine whether or not saving and investment will be encouraged and discouraged. ...

... machines will not be invested in, unless there is a division of labor of sufficient extent in society. Once again, the social relations, the cooperative division of labor and exchange in society, determine the extent of the development of technology, and not the other way round.

*Classical Economics*, p. 374

Large-scale firms tend to become bureaucratic, hidebound, and mired in intellectual and financial vested interests in existing plants and ways of production. Time after time, only new, small firms can carry out the cutting-edge of technological innovation.

*Classical Economics*, p. 420

Technological unemployment is an old and oft-discredited bogey.

*Classical Economics*, p. 424

... technology explains how they should act in order to arrive at chosen ends ...

*Economic Controversies*, p. 35

... it is precisely modern technology that has permitted the growth of the far more populous cities of today with far greater health, ease, and comfort for each inhabitant.

*Egalitarianism as a Revolt Against Nature*, p. 180

The widespread attack on technology is even more irresponsible. If technology were to be rolled back to the “tribe” and to the pre-industrial era, the result would be mass starvation and death on a universal scale. The vast majority of the world’s population is dependent for its very survival on modern technology and industry.

*For a New Liberty*, p. 305

What we need is more economic growth, not less; more and better technology, and not the impossible and absurd attempt to scrap

technology and return to the primitive tribe. Improved technology and greater capital investment will lead to higher living standards for all and provide greater material comforts, as well as the leisure to pursue and enjoy the “spiritual” side of life. There is precious little culture or civilization available for people who must work long hours to eke out a subsistence living.

*For a New Liberty*, pp. 306–07

... the precious technical resource of scientists and engineers is being ever more intensively diverted to government, instead of to “civilian” consumer production. What we need is for government to get out of the way, remove its incubus of taxation and expenditures from the economy, and allow productive and technical resources once again to devote themselves fully to increasing the well-being of the mass of consumers.

*For a New Liberty*, p. 307

... the advance of modern technology makes anarchistic arrangements increasingly feasible.

*Libertarian Forum v. 1*, p. 536

... the limits at any time on investment and productivity are a scarcity of saved capital, not the state of technological knowledge.

*Man, Economy, and State with Power and Market*, p. 540

... while knowledge is a limit, capital is a narrower limit. It is logically obvious that while capital cannot engage in production beyond the limits of existing available knowledge, knowledge can and does exist without the capital necessary to put it to use. Technology and its improvement, therefore, play no direct role in the investment and production process; technology, while important, must always work through an investment of capital.

*Man, Economy, and State with Power and Market*, p. 542

How many workers have been “displaced” because of the invention of the shovel?

*Man, Economy, and State with Power and Market*, p. 587

At no time has invested capital exhausted the best technological opportunities available. Many firms still use old, unimproved processes and techniques simply because they do not have the capital to invest in new ones. They would know how to improve their plant if capital were available. Thus, while the state of technology is ultimately a very important consideration, at no given time does it play a direct role, since the narrower limit on production is always the supply of capital.

*Man, Economy, and State with Power and Market*, p. 626

Technological knowledge tells us of a whole host of alternatives that are open to us. But the crucial questions — in what to invest? how much? what production method to choose? — can be answered only by economic, i.e., by financial considerations.

*Man, Economy, and State with Power and Market*, p. 647

... innovations cannot be considered the prime mover of the economy, since innovations can work their effects only through saving and investment ...

*Man, Economy, and State with Power and Market*, p. 856

Throughout history, no important new invention has remained a secret for long ...

*Science, Technology, and Government*, p. 33

... conditions of modern technology do not require government control or planning of science. Quite the contrary.

*Science, Technology, and Government*, p. 77

... automation creates employment ... our present-day technology has been a boon, rather than a handicap, to employment.

*Science, Technology, and Government*, p. 111

... the great creators, the great individualists, were always met with hatred and persecution by their fellow men, who in the end benefited from them.

*Strictly Confidential*, p. 48

... all innovations come from free individuals and not the state ...

*What Has Government Done to Our Money?*, p. 20

## THEORY

The only test of a theory is the correctness of the premises and of the logical chain of reasoning.

*America's Great Depression*, p. xxxix

... economic theory should be verbal rather than mathematical.

*Classical Economics*, p. 15

... economic theory rests on the broadest general insights about human nature, insights that are self-evident in the sense that once stated they command universal assent.

*Classical Economics*, p. 148

... the burden of proof must rest on the one advancing a theory, particularly when the theory contradicts man's primary impressions.

*Economic Controversies*, p. 5

... economic theory does not need to be "tested" by historical fact but also that it cannot be so tested. For a fact to be usable for testing theories, it must be a simple fact, homogeneous with other facts in accessible and repeatable classes. ... each event is a complex resultant of a shifting variety of multiple causes, none of which ever remains in constant relationships with the others. Every historical event, therefore, is heterogeneous, and therefore historical events cannot be used either to test or to construct laws of history, quantitative or otherwise.

*Economic Controversies*, p. 74

Economic theory as has been developed is a component part of praxeology. It is deduced from the apodictic axiom of action, and most of economic theory, including the laws and implications of

Uncertainty, Time Preference, the Law of Returns, the Law of Utility, etc., can be deduced directly with no further assumptions.

*Economic Controversies*, p. 117

Correct theory is based on the true and unrefutable axiom that human beings act, and proceeds by deducing the logical — and therefore true — implications from that formal fact.

*Economic Controversies*, p. 171

... there can be no divorce between theory and practice.

*Economic Controversies*, p. 626

... a theory that necessarily violated practical reality was an unsound theory.

*Economic Controversies*, p. 816

... we must challenge the very idea of a radical separation between something that is “true in theory” but “not valid in practice.” If a theory is correct, then it does work in practice; if it does not work in practice, then it is a bad theory. The common separation between theory and practice is an artificial and fallacious one. But this is true in ethics as well as anything else. If an ethical ideal is inherently “impractical,” that is, if it cannot work in practice, then it is a poor ideal and should be discarded forthwith.

*Egalitarianism as a Revolt Against Nature*, p. 5

... the dichotomy between “theoretical” and “practical” is a false one. In economics, all arguments are theoretical. And, since economics discusses the real world, these theoretical arguments are by their nature “practical” ones as well.

*Man, Economy, and State with Power and Market*, p. 616

The person who identifies economic laws in practice and uses them to explain complex economic fact is, then, acting as an economic historian rather than as an economic theorist. He is an historian when he seeks the casual explanation of past facts; he is a fore-caster when he attempts to predict future facts. In either case, he



uses absolutely true laws, but must determine when any particular law applies to a given situation. Furthermore, the laws are necessarily qualitative rather than quantitative, and hence, when the forecaster attempts to make quantitative predictions, he is going beyond the knowledge provided by economic science.

*Man, Economy, and State with Power and Market*, p. 1357

## TIME

Time, as well as labor, enters into capital ...

*Classical Economics*, p. 141

All human life must take place in time. Human reason cannot even conceive of an existence or of action that does not take place through time. ...

A man's time is always scarce. He is not immortal; his time on earth is limited.

*Man, Economy, and State with Power and Market*, pp. 4–5

... each stage of production takes time.

*Man, Economy, and State with Power and Market*, p. 10

## TIME PREFERENCE

The proportion of consumption to saving or investment is determined by people's time preferences — the degree to which they prefer present to future satisfactions. The less they prefer them in the present, the lower will their time preference rate be, and the lower therefore will be the pure interest rate, which is determined by the time preferences of the individuals in society. A lower time-preference rate will be reflected in greater proportions of investment to consumption, a lengthening of the structure of production, and a building-up of capital. Higher time preferences, on the other hand, will be reflected in higher pure interest rates and a lower proportion of investment to consumption.

*America's Great Depression*, pp. 9–10

... the savings-investment-consumption proportions are determined by time preferences of individuals ...

*America's Great Depression*, p. 39

... people prefer a good at present to the prospect of the good arriving in the future.

*Economic Thought Before Adam Smith*, p. 10

Capital goods are not only embodied land and labor; they are embodied land, labor, and time, while interest becomes a payment for "time." ... The primordial fact of time-preference dictates that every one will prefer to have wants satisfied now than at some point in the future, so that a present good will always be worth more than the present prospect of the equivalent future good. Hence, at any given time, future goods are discounted on the market by the social rate of time-preference.

... Time-preference and hence interest return exist apart from or even in the absence of any lending at all. ...

... time-preference and interest income exist in the state of equilibrium, and not simply as a charge on loans but as a return earned by every investing capitalist.

*Economic Controversies*, pp. 264–65

A fundamental and constant truth about human action is that man prefers his end to be achieved in the shortest possible time. Given the specific satisfaction, the sooner it arrives, the better. This results from the fact that time is always scarce, and a means to be economized. The sooner any end is attained, the better. Thus, with any given end to be attained, the shorter the period of action, i.e., production, the more preferable for the actor. This is the universal fact of time preference. At any point of time, and for any action, the actor most prefers to have his end attained in the immediate present. Next best for him is the immediate future, and the further in the future the attainment of the end appears to be, the less preferable it is. The less waiting time, the more preferable it is for him.

*Man, Economy, and State with Power and Market*, p. 15

Time preference may be called the preference for present satisfaction over future satisfaction or present good over future good ...

*Man, Economy, and State with Power and Market*, p. 15n15

... a man will always prefer obtaining a given satisfaction earlier than later.

*Man, Economy, and State with Power and Market*, p. 49

... the factor which holds every man back from investing more and more of his land and labor in capital goods is his time preference for present goods. If man, other things being equal, did not prefer satisfaction in the present to satisfaction in the future, he would never consume; he would invest all his time and labor in increasing the production of future goods. But “never consuming” is an absurdity, since consuming is the end of all production.

*Man, Economy, and State with Power and Market*, p. 51

Every person prefers and will attempt to achieve the satisfaction of a given end in the present to the satisfaction of that end in the future. This is the law of time preference.

*Man, Economy, and State with Power and Market*, p. 320

... the universal law of time preference holds that any given satisfaction will be preferred earlier than later, an equivalent satisfaction will be preferred as early as possible. Present consumption of a good will be given up only in anticipation of a greater future consumption, the degree of the premium being dependent on time preferences.

*Man, Economy, and State with Power and Market*, pp. 344–45

It follows from the law of time preference that present money is worth more than present expectations of the same amount of future money. In other words, future money (as we may call present expectations of money in the future) will always exchange at a discount compared to present money.

*Man, Economy, and State with Power and Market*, p. 376

... every man's time preference is positive, i.e., one ounce of present money will always be preferred to one ounce or less of future money. Therefore, there will never be any question of a zero or negative pure interest rate.

*Man, Economy, and State with Power and Market*, p. 382

... after a certain point, a man's time preference for the present becomes infinite. ... At the other end of the scale, the fact of time preference will imply that at some minimum rate of interest the man will not save at all.

*Man, Economy, and State with Power and Market*, p. 386

It took a long while for the crucial importance of time preference in the determination of the pure rate of interest to be realized in economics; it took even longer for economists to realize that time preference is the only determining factor.

*Man, Economy, and State with Power and Market*, p. 389

... the time preferences of the individuals on the market determine simultaneously and by themselves both the market equilibrium interest rate and the proportions between consumption and savings ...

*Man, Economy, and State with Power and Market*, p. 400

We cannot compare time preferences interpersonally, any more than we can formulate interpersonal laws for any other type of utilities. What we can assert as an economic law for one person we cannot assert in comparing two or more persons. Each person has his own time-preference schedule, apart from the specific size of his monetary stock. Each person's time-preference schedule, as with any other element in his value scale, is entirely of his own making.

*Man, Economy, and State with Power and Market*, pp. 415–16

Praxeology can never furnish an ultimate explanation for a man's time preferences.

*Man, Economy, and State with Power and Market*, p. 443

... each person has a time-preference schedule relating to his money stock. A lower money stock will cause a higher time-preference rate for any unit of money remaining in his possession, until finally his time preference rate will rise to infinity when the money stock — or rather, the money for consumption — is low enough.

*Man, Economy, and State with Power and Market*, p. 444

The very fact that any land is ever bought and sold, by the way, is a demonstration of the universality of time preference. If there were no time preference for the present, then an infinite series of future rents could never be capitalized. A piece of land would have to have an infinite present price and therefore could never be sold. The fact that lands do have prices is an indication that there is always a time preference and that future rents are discounted to reduce to a present value.

*Man, Economy, and State with Power and Market*, p. 493

... the consequence of lower time-preference rates in the society is precisely a lowering of the rate of interest. Thus, lowered time preferences mean an increased proportion of savings-investment to consumption and lead to smaller price spreads and an equivalent lowering of the rate of interest.

*Man, Economy, and State with Power and Market*, p. 520

## TOTALITARIANISM

... totalitarianism can have many faces.

*Economic Controversies*, p. 549

It is usually under color of “emergency” that totalitarianism rears its ugly head.

*Libertarian Forum v. 2*, p. 738

... shun totalitarianism — the total commitment and subordination of one’s being to any group.

*Libertarian Forum v. 2*, p. 853

... anyone who advocates governmental dictation over one area of individual consumption must logically come to advocate complete totalitarian dictation over all choices.

*Man, Economy, and State with Power and Market*, p. 1303

## TRUTH

... someone must propagate the truth in society, as opposed to what is politically expedient.

*Case for a 100 Percent Gold Dollar*, p. 72

Truth, understanding, reason, is surely the way to save the free market ...

*Economic Controversies*, p. 199

... the world may have forgotten scientific truth that was once known ...

*Economic Controversies*, p. 227

... the skeptic has no ground on which to stand to defend his or others' liberty against assault. Since there will always be men willing to aggress against others for the sake of power or pelf, the triumph of skepticism means that the victims of aggression will be rendered defenseless against assault. Furthermore, the skeptic being unable to find any principle for rights or for any social organization, will probably cave in, albeit with a resigned sigh, to any existing regime of tyranny. *Faute de mieux*, he has little else to say or do.

*Economic Thought Before Adam Smith*, p. 201

All truth, after all, is one and interconnected.

*Libertarian Forum v. 1*, p. 446

In the search for the truth, and for credibility in that search, it is important to be careful and scholarly.

*Libertarian Forum v. 1*, p. 563

Arguments, of course, must stand on their own merits or demerits regardless of who expounds them ...

*Libertarian Forum* v. 2, p. 870

Truth must be promoted, organized, and fought for as against error.

*Ludwig von Mises: Scholar, Creator, Hero*, p. 21

The absolutist believes that man's mind, employing reason (which according to some absolutists is divinely inspired, according to others is given by nature), is capable of discovering and knowing truth: including the truth about reality, and the truth about what is best for man and best for himself as an individual. The relativist denies this, denies that man's reason is capable of knowing truth ... libertarianism — and the wider creed of sound individualism of which libertarianism is a part — must rest on absolutism and deny relativism.

*Rothbard vs. the Philosophers*, p. 104

... science and truth, though long delayed and deferred, will eventually win out. In the long run, truth cannot be suppressed.

*Irrepressible Rothbard*, p. 386

## TURGOT, ANNE ROBERT JACQUES

Turgot was unfortunately considered in the public eye as merely a fellow-traveller of physiocracy ...

... since Turgot was unfortunately identified as a physiocrat, his reputation was dragged down ...

*Classical Economics*, pp. 3–4

If we were to award a prize for “brilliancy” in the history of economic thought, it would surely go to Anne Robert Jacques Turgot.

...

... he was a unique genius.

*Economic Thought Before Adam Smith*, p. 385

In the roster of A.R.J. Turgot's outstanding contributions to economic theory, the most remarkable was his theory of capital and interest which, in contrast with such fields as utility, sprang up virtually full-blown without reference to preceding contributions. Not only that: Turgot worked out almost completely the Austrian theory of capital and interest a century before it was set forth in definitive form by Eugen von Böhm-Bawerk.

*Economic Thought Before Adam Smith*, p. 395

The acme of Turgot's contribution to economic theory was his sophisticated analysis of interest. ... Turgot also demonstrated — far ahead of his time — the relationship between this natural rate of interest and the interest on money loans.

*Economic Thought Before Adam Smith*, p. 397

In addition to developing the Austrian theory of time preference, Turgot was the first person, in his *Reflections*, to point to the corresponding concept of capitalization, that is, the present capital value of land or other capital good on the market tends to equal the sum of its expected annual future rents, or returns, discounted by the market rate of time-preference, or rate of interest.

*Economic Thought Before Adam Smith*, p. 400

Turgot's influence on later economic thought was severely limited, probably largely because his writings were unfairly discredited among later generations by his association with physiocracy, and by the pervasive myth that Adam Smith had founded economics.

*Economic Thought Before Adam Smith*, p. 403

## TYRANNY

While the ouster of one tyrannical ruling group might mean the virtual end of tyranny, it often means simply its replacement by another ruling group employing other forms of despotism.

*Conceived in Liberty v. 1*, p. 260; p. 250

... the tyranny of power is the source of vast human misery ...

*Conceived in Liberty v. 2*, p. 194; p. 692



... the state has consisted of a minority plundering and tyrannizing over a majority.

*Conceived in Liberty v. 3*, p. 351; p. 1115

... it is both folly and tyranny to give any one man power over all  
...

*Conceived in Liberty v. 4*, p. 166; p. 1280

The history of government is the history of violence, of the strong plundering the weak. Wicked tyrants engage in orgies of violence  
...

*Economic Thought Before Adam Smith*, p. 25

... tyranny is not really congenial to the spirit of man, who requires freedom for his full development.

*Education: Free and Compulsory*, p. 11

Big Government, even elected government, has become a tyrant and oppressor of civil liberties, of the freedom to dissent from the powers that be.

*Libertarian Forum v. 2*, p. 704

The moral imperative of libertarian principle demands that tyranny, injustice, the absence of full liberty, and violation of rights continue no longer.

*Libertarian Forum v. 2*, p. 829

... all tyranny is majority tyranny, regardless of the formalities of the government structure.

*Man, Economy, and State with Power and Market*, p. 1066

## UNCERTAINTY

... action implies that we live in a world of an uncertain, or not fully certain, future.

*Economic Controversies*, p. 61

Knowledge of the present, much less of the future, is never perfect ... the world in general, and the market in particular, are eternally marked by uncertainty. ...

... Man faces the world emphatically knowing some things about his world and not knowing others. He knows absolutely that he and the world, including other people and resources, exist; he knows that natural laws and the laws of cause and effect exist; and that such knowledge cumulates over time. His technological knowledge of what goods will satisfy his wants and of how to acquire them continually increases. And yet he lives in a world of uncertainty, of uncertain future demands, resources, products, prices and costs ...

*Economic Controversies*, p. 173

... uncertainty is crucial to the holding of any cash at all.

*Economic Controversies*, p. 698

... not even the best of men are infallible and all of us are bound to make errors ...

*Libertarian Forum v. 2*, p. 934

... errors by any person or group are inevitable.

*Libertarian Forum v. 2*, p. 1194

... the fact of action signifies that the future is uncertain to the actors. This uncertainty about future events stems from two basic sources: the unpredictability of human acts of choice, and insufficient knowledge about natural phenomena. ... The omnipresence of uncertainty introduces the ever-present possibility of error in human action ...

*Man, Economy, and State with Power and Market*, p. 7

Since investment in capital goods involves looking toward the future, one of the risks that an actor must always cope with is the uncertainty of future conditions. Producing consumers' goods directly involves a very short period of production, so that the uncertainty incurred is not nearly as great as the uncertainty of

longer processes of production, an uncertainty that becomes more and more important as the period of production lengthens.

*Man, Economy, and State with Power and Market*, p. 60

We can consider that there is a sort of “uncertainty discount” on the expected future utility of the investment that may be so large as to induce the actor not to make the investment ...

*Man, Economy, and State with Power and Market*, pp. 60–61

Uncertainty is a subjective feeling (“hunch” or estimate) and cannot be measured in any way.

*Man, Economy, and State with Power and Market*, p. 60n36

Uncertainty, indeed, is a fundamental feature of all human action, and uncertainty about changing prices and changing value scales are aspects of this basic uncertainty.

*Man, Economy, and State with Power and Market*, p. 265

... in the real world of uncertainty, it takes sound judgment to decide how the market is operating, so that present investment will lead to future profits, and not future losses.

*Man, Economy, and State with Power and Market*, p. 434

Most uncertainties are uninsurable because they are unique, single cases, and not members of a class. They are unique cases facing each individual or business; they may bear resemblances to other cases, but are not homogeneous with them. Individuals or entrepreneurs know something about the outcome of the particular case, but not everything. ... Estimates of future costs, demands, etc., on the part of entrepreneurs are all unique cases of uncertainty, where methods of specific understanding and individual judgment of the situation must apply, rather than objectively measurable or insurable “risk.”

*Man, Economy, and State with Power and Market*, pp. 554–55

Profit and loss are the results of entrepreneurial uncertainty. Actuarial risk is converted into a cost of business operation and is not

responsible for profits or losses except in so far as the actuarial estimates are erroneous.

*Man, Economy, and State with Power and Market*, p. 555

... this world is a world of uncertainty. We shall never be able to forecast the future course of the world with precision. Every action, therefore, involves risk. This risk cannot be eliminated.

*Man, Economy, and State with Power and Market*, p. 1313

... modern economics is a set of formal models and equations purporting to fully determine human behavior, at least in the economic realm. And there is no way that uncertainty can be compressed into determinate mathematical models. ... Economic theory, in short, must choose between formally elegant but false and distorting mathematical models, and the “literary” analysis of real human life itself.

*Economic Thought Before Adam Smith*, p. 352

Suppose that all of us were able to foretell the future with absolute certainty. In that case, no one would have to keep cash balances on hand. Everyone would know exactly how much he will spend, and how much income he will receive, at all future dates. He need not keep any money at hand, but will lend out his gold so as to receive his payments in the needed amounts on the very days he makes his expenditures. But, of course, we necessarily live in a world of uncertainty. People do not precisely know what will happen to them, or what their future incomes or costs will be. The more uncertain and fearful they are, the more cash balances they will want to hold; the more secure, the less cash they will wish to keep on hand.

*What Has Government Done to Our Money?*, p. 27

if it were not for the uncertainty of the real world, there could be no monetary system at all!

*What Has Government Done to Our Money?*, p. 29

## UNEMPLOYMENT

In a free market, wage rates will tend to adjust themselves so that there is no involuntary unemployment, i.e., so that all those desiring to work can find jobs. Generally, wage rates can only be kept above full-employment rates through coercion by government ...

*America's Great Depression*, p. 43

If workers persist in keeping their wage demands higher than the market, they have only themselves to blame for their unemployment. Keeping any price, including a wage rate, higher than market equilibrium will always lead to an unsold surplus of the good or service: in the case of labor, unsold labor time, or unemployment. If laborers wish to change their unemployed status, they need only lower their wage demands to clear the market and allow themselves to be hired.

*Classical Economics*, pp. 174–75

The greater the scope of unionism, the more a permanent mass of unemployment will tend to develop.

... A universal union control and restrictionism would mean permanent mass unemployment, growing ever greater in proportion to the degree that the union exacted its restrictions.

*Economic Controversies*, p. 636

... much of persistent lower-class unemployment, and hence poverty, is voluntary on the part of the unemployed themselves.

*For a New Liberty*, p. 191

There is no such thing as a “full employment.” Employment depends on wage rates ...

*Libertarian Forum* v. 2, p. 950

... idleness or unemployment of a resource can only occur because the owner of that resource is deliberately withholding it from the market and refusing to sell it at the offered price. In a profound sense, therefore, all unemployment and idleness is voluntary.

*Making Economic Sense*, p. 44

Government interference, in the form of minimum wage laws and compulsory unionism, creates compulsory unemployment, while welfare payments and unemployment “insurance” subsidize unemployment and make sure that it will be permanently high. We can have as much unemployment as we pay for.

*Making Economic Sense*, p. 44

An economic bugbear of our times is “unemployment.”

*Man, Economy, and State with Power and Market*, p. 581

... labor factors will always be fully employed on the free market to the extent that laborers are so willing.

*Man, Economy, and State with Power and Market*, p. 582

... the great missing link in their discussion of unemployment is precisely the wage rate. To talk of unemployment or employment without reference to a wage rate is as meaningless as talking of “supply” or “demand” without reference to a price. And it is precisely analogous.

*Man, Economy, and State with Power and Market*, p. 583

... there can never be, on the free market, an unemployment problem. If a man wishes to be employed, he will be, provided the wage rate is adjusted according to his DMVP. But since no one wants to be simply “employed” without getting what he considers sufficient payment, we conclude that employment *per se* is not even a desired goal of human action, let alone a “problem.”

*Man, Economy, and State with Power and Market*, p. 584

The able-bodied in a developed economy can always find work, and work that will pay an over-subsistence wage. ...

... Whenever a man insists on a wage higher than his DMVP, he will remain unemployed, i.e., unemployed at the wage that he insists upon. But then this unemployment is not a “problem,” but a voluntary choice on the part of the idle person.

*Man, Economy, and State with Power and Market*, p. 585

There will be “unemployment” if ... workers insist on their own terms for work, and these terms cannot be met.

*Man, Economy, and State with Power and Market*, p. 587

... at best, a union can achieve a higher, restrictionist wage rate for its members only at the expense of lowering the wage rates of all other workers in the economy. ... The greater the scope of unionism, the more a permanent mass of unemployment will tend to develop.

*Man, Economy, and State with Power and Market*, p. 708

... unemployment arises when laborers or unions set a minimum wage above what they could obtain on the unhampered market.

*Man, Economy, and State with Power and Market*, p. 944

... if the government keeps wage rates up, it brings about permanent unemployment.

*Man, Economy, and State with Power and Market*, p. 1001

... government inflation can relieve unemployment and unsold stocks only if the process dupes the owners into accepting lower real prices or wages. This “money illusion” relies on the owners’ being too ignorant to realize when their real incomes have declined — a slender basis on which to ground a cure.

*Man, Economy, and State with Power and Market*, p. 1023

When a minimum wage law is effective, i.e., where it imposes a wage above the market value of a type of labor (above the laborer’s discounted marginal value product), the supply of labor services exceeds the demand, and this “unsold surplus” of labor services means involuntary mass unemployment. Selective, as opposed to general, minimum wage rates create unemployment in particular industries and tend to perpetuate these pockets by attracting labor to the higher rates. Labor is eventually forced to enter less remunerative, less value-productive lines. The result is the same whether the effective minimum wage is imposed by the State or by a labor union.

*Man, Economy, and State with Power and Market*, p. 1080

Unemployment is caused by unions or government keeping wage rates above the free-market level.

*Man, Economy, and State with Power and Market*, p. 1299

## UNEMPLOYMENT INSURANCE

... welfare payments reduce the net wage a person can earn by working. Hence, the higher the welfare payments, the more the unemployment.

*Libertarian Forum v. 2*, p. 950

... governmental unemployment relief, often supposed to help in curing unemployment, has the precisely reverse effect: it subsidizes and intensifies unemployment.

*Man, Economy, and State with Power and Market*, p. 944

Government unemployment benefits are an important means of subsidizing unemployment caused by unions or minimum wage laws. When restrictive wage rates lead to unemployment, the government steps in to prevent the unemployed workers from injuring union solidarity and union-enforced wage rates. By receiving unemployment benefits, the mass of potential competitors with unions are removed from the labor market, thus permitting an indefinite extension of union policies. And this removal of workers from the labor market is financed by the taxpayers — the general public.

*Man, Economy, and State with Power and Market*, p. 1115

... unemployment relief, instead of helping to cure unemployment, as often imagined, actually subsidizes and intensifies it.

*Man, Economy, and State with Power and Market*, p. 1258

... government subsidization of poverty increases poverty and unemployment and encourages the beneficiaries to multiply their offspring, thus further intensifying the problem that the government set out to cure.

*Man, Economy, and State with Power and Market*, p. 1368



## UNIONS

If a union achieves a higher wage, some laborers are earning a higher price, while others are excluded from the market and lose the revenue they would have obtained.

These discharged workers are the main losers in this procedure ... they must shift to some other — nonunionized — industry. The trouble is, however, that the workers are less suited to the new industry. Their having been in the now unionized industry implies that their worth in that industry was higher than in the industry to which they must shift; consequently, their wage rate is now lower. Moreover, their entry into the other industry depresses the wage rates of the workers already there.

Consequently, at best, a union can achieve a higher, restrictionist wage rate for its members only at the expense of lowering the wage rates of all other workers in the economy. Production efforts in the economy are also distorted.

*Economic Controversies*, pp. 635–36

A restrictionist wage raises costs of production for the firms in the industry. This means that the marginal firms in the industry — the ones whose entrepreneurs earn only a bare rent — will be driven out of business.

*Economic Controversies*, p. 639

When unions are permitted to resort to violence, the state or other enforcing agency has implicitly delegated this power to the unions. The unions, then, have become “private states.”

*Economic Controversies*, p. 640

Unions have become a nuisance with power to cripple the economy, but only as a result of numerous special privileges afforded by the government.

*For a New Liberty*, p. 93

There is no moral excuse, in a society claiming to be opposed to slavery and in a country which has outlawed involuntary servitude,

for any legal or judicial action prohibiting strikes — or jailing union leaders who fail to comply. ...

It is true that the strike is a peculiar form of work stoppage. The strikers do not merely quit their jobs; they also assert that somehow, in some metaphysical sense, they still “own” their jobs and are entitled to them, and intend to return to them when the issues are resolved. But the remedy for this self-contradictory policy, as well as for the disruptive power of labor unions, is not to pass laws outlawing strikes; the remedy is to remove the substantial body of law, federal, state, and local, that confers special governmental privileges on labor unions. All that is needed, both for libertarian principle and for a healthy economy, is to remove and abolish these special privileges.

*For a New Liberty*, p. 103

Unions, once the pampered favorites of liberals, are now generally seen to use their governmental privileges to exclude poorer and minority-group workers.

*For a New Liberty*, p. 197

Government control inevitably follows government privilege, and, as in the Fascist or Communist countries, privileged unionism has become in effect a powerful arm of the State apparatus for controlling the labor force and the economic system as a whole. Rather than representing their members, union leaders have been coopted into the power elite, there to serve as transmission belts for keeping the workers under the control of the various governmental “guidelines” ...

*Left and Right*, p. 226

... the major effect of unionism and collective bargaining is to introduce rigidity into the wage-setting process.

*Left and Right*, p. 229

... during an inflation, the rigidity of union contracts and collective bargaining causes union wage rates to lag behind the rise in non-union rates. Hence, far from unionism being culpable for

price inflation, the truth is precisely the reverse: union-set wage rates lag behind the free-market rates during an inflation.

*Left and Right*, p. 230

Libertarians must always concede the right to strike, since otherwise labor would be compulsory rather than voluntary; but if employers had the fortitude and they were allowed to do so by law, they would automatically fire any and all strikers, and thereby take the strikers' quitting their jobs with the serious response that they deserve. In the case of outright sabotage and destruction, along with threats of violence against those who continue to work or are hired to replace the strikers, the unions who commit such aggression should be treated as the criminals that they are. And since such coercion is the general rule in strikes, these criminal penalties would, in a libertarian society, be widespread rather than non-existent as they are now.

*Libertarian Forum v. 1*, p. 214

Of the three major proposals for running an advanced industrial society — socialism, syndicalism, and free-market capitalism — syndicalism is the most blatantly unworkable and most rapidly disastrous.

*Libertarian Forum v. 1*, p. 215

The unions are responsible for a host of economic ills, feather-bedding, restrictionism, misallocation of resources and wages, but inflation of prices is not one of them.

*Libertarian Forum v. 1*, p. 234

... in a free society, provided that unions don't use coercion against strikebreakers (a big proviso!), there is nothing un-libertarian about voluntary unions.

*Libertarian Forum v. 2*, p. 952

Almost all the violence was committed by union goon squads against the property of the employer, and in particular, against the

replacement workers, invariably smeared and dehumanized with the ugly word “scabs.” (Talk about demeaning language!)

The reason unions are to blame is inherent in the situation. Employers don’t want violence; all they want is peace and quiet, the unhampered and peaceful production and shipment of goods. Violence is disruptive, and is bound to injure the profits of the company.

*Making Economic Sense*, p. 137

... the entire theory of labor unions is deeply flawed. Their view is that the worker somehow “owns” his job, and that therefore it should be illegal for an employer to bid permanent farewell to striking workers. The “ownership of jobs” is of course a clear violation of the property right of the employer to fire or not hire anyone he wants. No one has a “right to a job” in the future; one only has the right to be paid for work contracted and already performed. No one should have the “right” to have his hand in the pocket of his employer forever; that is not a “right” but a systematic theft of other people’s property.

*Making Economic Sense*, p. 138

Any “unemployment” of resources results from a failure of people to adjust to the new conditions, by insisting on excessively high real prices or wage rates. Such failures will be quickly corrected if the market is allowed freedom to adapt — that is, if government and unions do not intervene to delay and cripple the adjustment process.

*Making Economic Sense*, pp. 251–52

Union wage increases do not increase the total supply of capital available. Therefore, there can be no general rise in labor productivity.

*Man, Economy, and State with Power and Market*, p. 719

... the unions’ raising of real wage rates causes unemployment.

*Man, Economy, and State with Power and Market*, p. 781

... widespread union maintenance of excessively high wage rates will cause unemployment.

*Man, Economy, and State with Power and Market*, p. 783

... union solidarity causes unemployment and lower wage rates for many workers ...

*Man, Economy, and State with Power and Market*, p. 897

Unions aim for restrictionist wage rates, which on a partial scale cause distortions in production, lower wage rates for nonmembers, and pockets of unemployment, and on a general scale lead to greater distortions and permanent mass unemployment. By enforcing restrictive production rules, rather than allowing individual workers voluntarily to accept work rules laid down by the enterpriser in the use of his property, unions reduce general productivity and hence the living standards of the economy.

*Man, Economy, and State with Power and Market*, p. 1114

The critical problems about unions are (a) their habitual use of violence, (b) their nature as parasitic organizations, and (c) their monopoly privileging ...

*Strictly Confidential*, p. 272

## UNITED NATIONS

The U.N. was dedicated to the old, disastrous, and failed League of Nations concept of “collective security against aggression.” Given existing national boundaries, any “aggression” of one state against another must trigger the nation-states of the world to band together to combat and “punish” the designated aggressor. The effect of this misguided policy is to enshrine every dubious state boundary as moral and just, and to maximize every pipsqueak, boundary dispute into a world crisis. It is also a mechanism for freezing the unjust status quo in place forever.

*Irrepressible Rothbard*, p. 159

... the whole concept of the United Nations is mischievous. ...

... The League of Nations or United Nations then necessarily becomes a gang of States trying to preserve their territories and privileges by force against the newer nations that are trying to win their place in the sun, or against aggrieved States trying to

recover some of their national territory. Moreover, the ganging up insures that any war, anywhere in the globe, no matter how trivial, will be maximized into a worldwide conflict. Collective security then becomes a method for the global aggrandizement of dispute and conflict, so that all peoples everywhere get drawn into the net of warfare and killing. In these days of brutal weapons of mass destruction, in our age when warfare rests on the mass murder of innocent civilians, the globalizing of conflict via collective security is a monstrous death trap for the peoples of the world. The sooner the United Nations, or any other scheme of collective security, disappears, the safer shall all of us be.

*Libertarian Forum v. 1, p. 253*

... it is high time to revive the grand old “isolationist” slogan: that we withdraw from the United Nations.

*Libertarian Forum v. 1, p. 254*

... the major problem with the UN is not its “anti-Americanism” but its being designed as an instrument for “collective security against aggression,” i.e., bringing us a state of potentially permanent war in seeking the chimera of permanent peace. The trouble with the UN is that it gets us into situations like a seemingly harmless “peacekeeping” operation.

*Libertarian Forum v. 2, p. 1116*

... there is danger in underestimating the malice of UN activities. For underlying all the tedious nonsense is a continuing and permanent drive for international government despotism to be exercised by faceless and arrogant bureaucrats accountable to no one.

*Making Economic Sense, p. 150*

## UNIVERSALIZATION PRINCIPLE

... to be a valid ethic the theory must hold true for all men, whatever their location in time or place. ... the society of liberty is the only society that can apply the same basic rule to every man ...

*Ethics of Liberty, p. 42*

Every person, at any time or place, can be covered by the basic rules: ownership of one's own self, ownership of the previously unused resources which one has occupied and transformed; and ownership of all titles derived from that basic ownership — either through voluntary exchanges or voluntary gifts. These rules — which we might call the “rules of natural ownership” — can clearly be applied, and such ownership defended, regardless of the time or place, and regardless of the economic attainments of the society. It is impossible for any other social system to qualify as universal natural law; for if there is any coercive rule by one person or group over another (and all rule partakes of such hegemony), then it is impossible to apply the same rule for all; only a rulerless, purely libertarian world can fulfill the qualifications of natural rights and natural law, or, more important, can fulfill the conditions of a universal ethic for all mankind.

*Ethics of Liberty*, p. 43

A rights-ethic for mankind is precisely that: for all men, regardless of race, creed, color or sex, but for the species man alone.

*Ethics of Liberty*, p. 155

## UTILITARIANISM

Utilitarianism provided economists with the ability to square the circle: to allow them to make pronouncements and take firm positions on public policy, while still pretending to be hard-headed, “scientific,” and therefore “valuefree.”

*Classical Economics*, p. 56

Utilitarianism consists in two fundamental parts: personal utilitarianism, and social utilitarianism, the latter being built upon the former. Each is fallacious and pernicious, but social utilitarianism ... adds many fallacies, and would be unsound even if personal utilitarianism were to be upheld.

*Classical Economics*, p. 57

... utilitarianism is self-refuting in violating its own axiom of not going beyond given emotions and valuations.

*Classical Economics*, p. 57

... economists, by adopting utilitarianism, were able to pretend or to delude themselves that they were being strictly scientific, while smuggling unanalyzed and shaky ethical notions into economics. In that way, economics embraced the worst of both worlds, implicitly smuggling in fallacy and bias in the name of hard-nosed value-freedom.

*Classical Economics*, p. 57

Personal utilitarianism counsels that actions be judged not on their nature but on their consequences. ... how is anyone to gauge the consequences of any action? And why is it considered easier, let alone more “scientific,” to judge consequences than to judge an act itself by its nature? Furthermore, it is often very difficult to figure out what the consequences of any contemplated action will be. How we are to find the secondary, tertiary, etc., consequences, let alone the more immediate ones? ... it is often easier to know what is right than what is expedient.

*Classical Economics*, p. 60

... why is their abstract moral principle — for that is what it is — legitimate while all others, such as natural rights, are to be brusquely dismissed as nonsense? What justification is there for the greatest happiness formula? The answer is none whatever; it is simply assumed as axiomatic, above and beyond challenge.

*Classical Economics*, p. 61

There can be no valid or meaningful cost-benefit analysis of political or legal decisions or institutions.

*Economic Controversies*, p. 258

... utilitarian free-market economists, implicitly or explicitly leave it to the hands of government to define and allocate the titles to private property.



It is a curious fact that utilitarian economists, generally so skeptical of the virtues of government intervention, are so content to leave the fundamental underpinning of the market process — the definition of property rights and the allocation of property titles — wholly in the hands of government. ... the utilitarians have failed in their wish to escape having a theory of justice in property; actually they do have such a theory, and it is the surely simplistic one that whatever government defines as legal is right.

*Economic Controversies*, p. 349

... utilitarians in their vain quest for the *Wertfrei*, really conclude by endorsing as right and just whatever the government happens to decide, that is, by blindly apologizing for the *status quo*.

... utilitarians base their theory of justice in property only on whatever the government defines as legal ...

*Economic Controversies*, p. 350

... the supposed defense of the free market and of property rights by utilitarians and free-market economists is a very weak reed indeed. Lacking a theory of justice that goes beyond the existing *imprimatur* of government, utilitarians can only go along with every change and shift of government allocation after they occur, no matter how arbitrary, rapid, or politically motivated such shifts might be. And since they provide no firm roadblock for governmental reallocations of property, the utilitarians, in the final analysis, can offer no real defense of property rights themselves. Since governmental redefinitions can and will be rapid and arbitrary, they cannot provide long-run certainty for property rights, and therefore they cannot even ensure the very social and economic efficiency which they themselves seek.

*Economic Controversies*, p. 351

... utilitarians have no theory of justice in property beyond endorsement of whatever the *status quo* happens to exist.

*Economic Controversies*, p. 352

... utilitarianism cannot be supported as a groundwork for property rights or, *a fortiori*, for the free-market economy.

*Economic Controversies*, p. 352

... utilitarian considerations must always be subordinate to the requirements of justice.

*Economic Controversies*, p. 407

... utilitarianism — the common ground of free-market economists — is unsatisfactory for developing a flourishing libertarian movement.

*Egalitarianism as a Revolt Against Nature*, p. 240

... I at no time believed that value-free analysis or economics or utilitarianism (the standard social philosophy of economists) can ever suffice to establish the case for liberty.

*Ethics of Liberty*, p. xlvii

... the utilitarian, who has no conception, let alone theory, of justice, must fall back on the pragmatic, *ad hoc* view that all titles to private property currently existing at any time or place must be treated as valid and accepted as worthy of defense against violation. This, in fact, is the way utilitarian free-market economists invariably treat the question of property rights. Note, however, that the utilitarian has managed to smuggle into his discussion an unexamined ethic: that all goods “now” (the time and place at which the discussion occurs) considered private property must be accepted and defended as such. In practice, this means that all private property titles designated by any existing government (which has everywhere seized the monopoly of defining titles to property) must be accepted as such. This is an ethic that is blind to all considerations of justice, and, pushed to its logical conclusion, must also defend every criminal in the property that he has managed to expropriate. We conclude that the utilitarian’s simply praising a free market based upon all existing property titles is invalid and ethically nihilistic.

*Ethics of Liberty*, p. 52

... the *laissez-faire* utilitarian cannot simply oppose “government” ownership and defend private; for the trouble with governmental property is not so much that it is governmental (for what of “private” criminals like our watch-stealer?) but that it is illegitimate, unjust, and criminal ... And since “private” criminals are also reprehensible, we see that the social question of property cannot ultimately be treated in utilitarian terms as either private or governmental. It must be treated in terms of justice or injustice: of legitimate property-owners vs. illegitimate, criminal invaders of such property, whether these invaders are called “private” or “public.”

*Ethics of Liberty*, p. 56

... utilitarian social philosophy holds the “good” policy to be the one that yields the “greatest good for the greatest number”: in which each person counts for one in making up that number, and in which “the good” is held to be the fullest satisfaction of the purely subjective desires of the individuals in society ... this doctrine is hardly scientific and by no means value-free ...

*Ethics of Liberty*, p. 201

... whereas the natural-rights libertarian seeking morality and justice cleaves militantly to pure principle, the utilitarian only values liberty as an *ad hoc* expedient. And since expediency can and does shift with the wind, it will become easy for the utilitarian in his cool calculus of cost and benefit to plump for statism in *ad hoc* case after case, and thus to give principle away.

*For a New Liberty*, p. 19

To say that a utilitarian cannot be “trusted” to maintain libertarian principle in every specific application may sound harsh, but it puts the case fairly.

*For a New Liberty*, p. 31

Unfortunately what happened is that economics grew up at the same time, and conjoined with, utilitarianism. Hence economists — whether free-market oriented or not — have generally been utilitarians. Hence the idea that in order to be happy, all one has to do is to be free to pursue one’s own utility schedules — an idea

that ignores the existence of an objective moral order and what the Thomists call the existence of a “science of happiness.”

*Libertarian Forum v. 1, p. 447*

Free-market economists have been, almost entirely, utilitarians, and therefore all too willing to abandon libertarian principles at the drop of an *ad hoc* hat ...

*Libertarian Forum v. 1, p. 626*

## VALUE

... value rests on acts of valuation by the consumers. In addition to being subjective, these degrees of valuation are relative, since the value of one good or service is always being compared against another. These values, or utilities, depend on all manner of wants, desires and knowledge on the part of individuals ...

*Classical Economics, pp. 18–19*

... the value of factors is determined by the value of their products, which in turn is conferred by consumer valuation and demands.

*Classical Economics, p. 22*

... values always fluctuate, and there is no invariable, fixed base of value from which other value changes can be measured.

*Classical Economics, p. 90*

... value is strictly relational, a ranking among goods, and therefore cannot be absolute or invariant. ... value is not inherent in goods at all, but is rather always a process of subjective evaluation in the minds of individuals. ... Value is not only a subjective estimation, but also that valuation is necessarily relative among various goods or objects; value is a matter of relative preference. ...

... value is subjective and relative (or relational) valuation ...

*Classical Economics, p. 113*

... utility is the basis of all value ...

*Classical Economics, p. 116*

... the value of any good is not determined by its cost of production, but by its demand and supply ...

*Classical Economics*, p. 117

... value depends on utility and scarcity ...

*Classical Economics*, p. 118

... the value of consumer goods, determined by the subjective utility of the goods to consumers, is imputed back on the market to the values of the various factors of production, which will be set equal to the marginal value productivity of each factor. Thus the unit price of every type of factor will tend to be equal to its marginal value productivity as imputed back through the competitive market process from the subjective utility of the final products.

*Classical Economics*, p. 135

... subjective values and preferences cannot be precisely measured.

*Classical Economics*, p. 290

... human wants are unlimited, and hierarchically ordered by individuals in their scales of value.

*Classical Economics*, p. 446

... exchange value stems from value conferred upon goods by consumers ... value and demand derive solely from mental desires of consumers. ...

... value stems from subjective valuation by consumers ...

*Classical Economics*, p. 462

... personal utilitarianism counsels that actions be judged not on ... everyone tries always to maximize his utility.

*Economic Controversies*, p. 109

The marginal utility of a unit of a good is always higher than the marginal utility of a unit of smaller size. ... given a certain sized unit, the marginal utility of that unit declines as the supply of units

increases. This is the familiar Law of Diminishing Marginal Utility. ...

... there is no such thing as total utility; all utilities are marginal.  
*Economic Controversies*, p. 301

... when a good becomes scarcer, it will become subjectively more useful or valuable.

*Economic Thought Before Adam Smith*, p. 17

... means, or “instruments of production,” necessarily derive their value from the final products useful to man, “the instruments of action.” The greater the desirability, or subjective value, of a good, the greater the desirability, or value of the means to arrive at that product.

*Economic Thought Before Adam Smith*, p. 17

... good with many potential uses will be more desirable, or valuable, than a good with only one use.

*Economic Thought Before Adam Smith*, p. 18

... the “marginal utility” — the value of each unit of a good — diminishes as its supply increases. Thus a superabundant good such as bread or water will have a low marginal utility, while a rare good such as gold will have a high one. The value of a good on the market, and therefore its price, is determined by its marginal utility ...

*Economic Thought Before Adam Smith*, p. 61

... the value of a good is dependent on its subjective utility and hence demand by consumers ...

*Economic Thought Before Adam Smith*, p. 292

... the value of products is imparted by consumer valuation ... the value of goods is determined by “utility” and “scarcity,” by subjective valuation of a given supply. The more utility the higher the value, and the more abundant the supply the lower the value and price of any good on the market. ...

... subjective valuation by consumers rather than “intrinsic value” determines price.

*Economic Thought Before Adam Smith*, p. 350

... utility is not a thing, it is not a measurable entity, it cannot be divided, and therefore it is illegitimate to put it in ratio form, as the numerator in a non-existent fraction. Utility is neither a measurable entity, nor, even if it were, could it be commensurate with the money unit.

*Economic Thought Before Adam Smith*, p. 380

... the source of value of a good is its utility as evaluated by individuals in accordance with their needs and desires. ...

... value is determined by the subjective opinions of individuals on the market.

*Economic Thought Before Adam Smith*, p. 410

Value in the sense of valuation or utility is purely subjective, and decided by each individual.

*Ethics of Liberty*, p. 12

All action involves the employment of scarce means to attain the most valued ends. Man has the choice of using the scarce means for various alternative ends, and the ends that he chooses are the ones he values most highly. The less urgent wants are those that remain unsatisfied. Actors can be interpreted as ranking their ends along a scale of values ...

... The choice of which ends to include in the actor's value scale and the assignment of rank to various ends constitute the process of value judgment.

*Man, Economy, and State with Power and Market*, pp. 17–18

The choice of which ends to include in the actor's value scale and the assignment of rank to the various ends constitute the process of value judgment. Each time the actor ranks and chooses between various ends, he is making a judgment of their value to him.

*Man, Economy, and State with Power and Market*, p. 18

... values cannot be measured; values or utilities cannot be added, subtracted, or multiplied. They can only be ranked as better or worse.

*Man, Economy, and State with Power and Market*, p. 19

Human actors value means strictly in accordance with their valuation of the ends that they believe the means can serve.

*Man, Economy, and State with Power and Market*, p. 20

The original source of value is the ranking of ends by human actors, who then impute value to consumers' goods, and so on to the orders of producers' goods, in accordance with their expected ability to contribute toward serving the various ends.

*Man, Economy, and State with Power and Market*, p. 21

... things are valued as means in accordance with their ability to attain ends valued as more or less urgent. Each physical unit of a means (direct or indirect) that enters into human action is valued separately. Thus, the actor is interested in evaluating only those units of means that enter, or that he considers will enter, into his concrete action.

*Man, Economy, and State with Power and Market*, p. 21

... value, or utility, cannot be measured, and therefore cannot be added, subtracted, or multiplied.

*Man, Economy, and State with Power and Market*, p. 22

... the value of the second unit to the actor will be less than the value of the first unit.

*Man, Economy, and State with Power and Market*, p. 24

... for all human actions, as the quantity of the supply (stock) of a good increases, the utility (value) of each additional unit decreases.

*Man, Economy, and State with Power and Market*, p. 25



The greater the supply of a good, the lower the marginal utility; the smaller the supply, the higher the marginal utility. This fundamental law of economics has been derived from the fundamental axiom of human action; it is the law of marginal utility, sometimes known as the law of diminishing marginal utility. Here again, it must be emphasized that “utility” is not a cardinal quantity subject to the processes of measurement, such as addition, multiplication, etc. It is a ranked number expressible only in terms of higher or lower order in the preferences of men.

This law of marginal utility holds for all goods ...

*Man, Economy, and State with Power and Market*, pp. 27–28

The value of the marginal unit is equal to the first rank of the ends which the total good could serve.

*Man, Economy, and State with Power and Market*, p. 28

... the marginal utility of each good is equal to the value of the least important end of which he would be deprived ...

*Man, Economy, and State with Power and Market*, p. 30

... presented with a choice of units of goods to give up, he will give up the good with units of lowest marginal utility on his value scale.

*Man, Economy, and State with Power and Market*, p. 30

... faced with the choice of adding units of goods, he will choose the unit of highest marginal utility on his value scale.

*Man, Economy, and State with Power and Market*, p. 31

The actor may not and cannot measure differences in utility, but he must be engaged in ranking all the goods considered on one value scale.

*Man, Economy, and State with Power and Market*, p. 31

By ranking the various goods and the ends served by the relevant units, the actor will give up the unit of that good of which the marginal utility to him is the lowest. Similarly, with any given combination of goods in his stock, and faced with the choice of adding

one unit of any of the goods available, the actor will choose that good whose marginal utility of increase will be highest. In other words, all the goods are ranked on one value scale in accordance with the ends they serve.

*Man, Economy, and State with Power and Market*, p. 32

... value scales do not exist in a void apart from the concrete choices of action.

*Man, Economy, and State with Power and Market*, p. 33

The value of each unit of any good is equal to its marginal utility ... this value is determined by the relation between the actor's scale of wants and the stock of goods available.

*Man, Economy, and State with Power and Market*, p. 33

The utility of a consumers' good is the end directly served. The utility of a producers' good is its contribution in producing consumers' goods. With value imputed backward from ends to consumers' goods through the various orders of producers' goods, the utility of any producers' good is its contribution to its product — the lower-stage producers' good or the consumers' good.

*Man, Economy, and State with Power and Market*, pp. 33–34

... the value assigned to a unit of a factor of production is equal to the value of its marginal product, or its marginal productivity.

*Man, Economy, and State with Power and Market*, p. 34

... value and utility cannot be measured or subject to addition, subtraction, etc. ...

*Man, Economy, and State with Power and Market*, p. 35

Factors of production are valued in accordance with their anticipated contribution in the eventual production of consumers' goods.

*Man, Economy, and State with Power and Market*, p. 38

... a change in the value of the product causes a greater change in the value of the specific factors than in that of the relatively non-specific factors.

*Man, Economy, and State with Power and Market*, p. 40

Each unit of supply will be allocated to satisfy the most urgent of the not yet satisfied wants, i.e., where the value of its marginal product is the highest.

*Man, Economy, and State with Power and Market*, p. 41

... the value of the marginal product of a unit of a factor will be equal to its value in its marginal use, i.e., that use served by the stock of the factor whose marginal product is ranked lowest on his value scale.

*Man, Economy, and State with Power and Market*, p. 41

Value exists in the valuing minds of individuals, and these individuals make the exchange precisely because for each of them there is an inequality of values ...

*Man, Economy, and State with Power and Market*, p. 103

The ranking on his value scale depends entirely on the voluntary choice of each individual.

*Man, Economy, and State with Power and Market*, p. 214

Value scales of each individual are purely ordinal, and there is no way whatever of measuring the distance between the rankings; indeed, any concept of such distance is a fallacious one. Consequently, there is no way of making interpersonal comparisons and measurements, and no basis for saying that one person subjectively benefits more than another.

*Man, Economy, and State with Power and Market*, p. 258

There can be no interpersonal comparison of utilities ...

*Man, Economy, and State with Power and Market*, p. 259

We deduce the existence of a specific value scale on the basis of the real act; we have no knowledge of that part of a value scale that is not revealed in real action.

*Man, Economy, and State with Power and Market*, p. 260

Each succeeding unit that the consumer allocates among different lines of spending, he wishes to allocate to the most highly valued use that it can serve. His psychic revenue is the marginal utility — the value of the most important use that will be served. His psychic cost is the next most important use that must be forgone — the use that must be sacrificed in order to attain the most important end. The highest ranked utility forgone, therefore, is defined as the cost of any action.

*Man, Economy, and State with Power and Market*, p. 262

... value can be conferred on a good only by individuals' desires to use it directly in the present or in the present expectation of selling to such individuals in the future.

*Man, Economy, and State with Power and Market*, p. 278

All goods are distributed by each individual in accordance with their utility to him. A stock of the units of a good is allocated first to its most highly valued uses, then to its next most highly valued use, etc. The definition of a good is that it consists of an interchangeable supply of one or more units. Therefore, every unit will always be valued equally with every other. If a unit of a stock is given up or disposed of, the least highly valued use for one unit will be the one given up. Therefore, the value of each unit of the supply of a good is equal to the utility of the least highly valued of its present uses. This marginal utility diminishes as the stock of each good increases. The marginal utility of addition of a unit to the stock equals the utility of a unit in its next most highly valued use, i.e., the most highly valued of the not yet satisfied ends. This provides us with the law of marginal utility and the law of allocation of goods.

*Man, Economy, and State with Power and Market*, p. 320

... men value goods in units and not as wholes ...

*Man, Economy, and State with Power and Market*, p. 489

... goods are valued for their services.

*Man, Economy, and State with Power and Market*, p. 535

## VALUE-FREEDOM

Praxeology, like the other sciences, is the value-free handmaiden of values and ethics.

*Economic Controversies*, p. 83

... it is the responsibility of any scientist, indeed any intellectual, to refrain from any value judgment whatever unless he can support it on the basis of a coherent and defensible ethical system.

*Economic Controversies*, p. 85

Flat declarations of unsupported value judgments should be impermissible in intellectual, let alone scientific, discourse.

*Economic Controversies*, p. 86

Economics, as a science, attempts and claims to be purely value-free; that is, separate from the personal, valuational, or political proclivities of the economist. And yet economics and economists are continually making political pronouncements; economics *per se* is shot through with value-loaded assumptions, usually implicit, which then emerge as political conclusions and recommendations. It is my contention that this procedure is illegitimate and unscientific, and that it is incumbent on economic theory to purge itself of all vestiges of the unsupported value judgment. As a science, economics can and should stand apart from such value judgments.

*Economic Controversies*, p. 241

The main body of economic analysis is scientific and value-free ... economists must either make their value judgments explicit and defend them with a coherent ethical system, or strictly refrain from entering, directly, or indirectly into the public policy realm.

*Economic Controversies*, pp. 250–51

... it is not enough for an intellectual or social scientist to proclaim his value judgments ... these judgments must be rationally defensible and must be demonstrable to be valid, cogent, and correct.

*Egalitarianism as a Revolt Against Nature*, p. 4

## VIOLENCE

... aggression and invasion of another's right can establish no just title to property or rule ... this holds for great heads of states as well as for petty criminals ...

*Conceived in Liberty* v. 2, p. 191; p. 689

... all political history has rested upon violence.

*Conceived in Liberty* v. 3, p. 337; p. 1101

... the use of violence for purposes of plunder injures not only the victim (which is self-evident) but, in the long run, the plunderer also. The goal of the good citizen, then, is to try to eliminate, or at least minimize, violent plunder in the society.

*Economic Controversies*, pp. 117–18

... the very existence of institutionalized violence by the state generates imitative violence among the people.

*Economic Thought Before Adam Smith*, p. 26

... force and violence are at the heart of state power.

*Economic Thought Before Adam Smith*, p. 191

Each individual should have the freest possible scope for the development of his faculties and his personality. In order to have this scope, he must have freedom from violence against himself. Violence can only repress and destroy human growth and endeavor, and neither can reason and creativity function under an atmosphere of coercion. If each person has equal defense against violence, this "equality before the law" will permit him to maximize his potentialities.

*Education: Free and Compulsory*, p. 6

... freedom from violence is essential to the development of man's reason and personality.

*Education: Free and Compulsory*, p. 10

... the rule prohibiting violence against the persons or property of innocent men is absolute: it holds regardless of the subjective motives for the aggression. It is wrong and criminal to violate the property or person of another ...

*Egalitarianism as a Revolt Against Nature*, p. 117

... aggressive violence means is that one man invades the property of another without the victim's consent. The invasion may be against a man's property in his person (as in the case of bodily assault), or against his property in tangible goods (as in robbery or trespass). In either case, the aggressor imposes his will over the natural property of another — he deprives the other man of his freedom of action and of the full exercise of his natural self-ownership.

*Ethics of Liberty*, p. 45

... libertarianism does not bar defensive violence, which is perfectly legitimate as a defense or punishment against violent aggression.

*Libertarian Forum v. 1*, p. 244

Libertarians, after all, are not opposed to violence *per se*; they are opposed only to violent aggression, to the initiation of violence against another's person or property.

*Libertarian Forum v. 2*, p. 1090

... the distinguishing features of the contractual society, of the unhampered market, are self-responsibility, freedom from violence, full power to make one's own decisions (except the decision to institute violence against another), and benefits for all participating individuals. The distinguishing features of a hegemonic society are the rule of violence, the surrender of the power to make

one's own decisions to a dictator, and exploitation of subjects for the benefit of the masters.

*Man, Economy, and State with Power and Market*, p. 91

Invasive action may be defined as any action — violence, theft, or fraud — taking away another's personal freedom or property without his consent.

*Man, Economy, and State with Power and Market*, p. 176

... the various producer-consumers either determine their mutual exchange rates voluntarily in the free market, or else the ratios are set by violence.

*Man, Economy, and State with Power and Market*, p. 636

## WAGE RATES

... wages are determined by the supply and demand for labor ...

*Classical Economics*, p. 133

Action implies that the individual's behavior is purposive, in short, that it is directed toward goals. Furthermore, the fact of his action implies that he has consciously chosen certain means to reach his goals. Since he wishes to attain these goals, they must be valuable to him; accordingly he must have values that govern his choices.

*Economic Controversies*, p. 60

... each man will tend to earn an income equal to his "marginal productivity," to his particular productivity in satisfying consumer demands. ...

... In the free society, those who are capable of providing goods and services that the consumers value and are willing to purchase, will receive precisely what the consumers are willing to spend.

*Economic Controversies*, pp. 627–28

Since consumer utility and demand determines value, people will tend to receive income from production to whatever extent they satisfy consumers in the production process.

*Economic Thought Before Adam Smith*, p. 410



... the demand curve for any sort of labor (as for any other factor of production) is set by the perceived marginal productivity of that labor ...

*Making Economic Sense*, p. 134

... the wage or rent of the service of an original factor of production will equal its DMVP, the discounted marginal value product.

*Man, Economy, and State with Power and Market*, p. 525

... in a progressing economy, i.e., in an economy with increases in gross savings and investment, money wages and ground rents may well fall, but real wages and rents will rise.

*Man, Economy, and State with Power and Market*, p. 526

A wage is the term describing the payment for the unit services of a labor factor. A wage, therefore, is a special case of rent; it is labor's "hire." On a free market this rent cannot, of course, be capitalized, since the whole labor factor — the man — cannot be bought and sold for a price, his income to accrue to his owner. This is precisely what occurs, however, under a regime of slavery. The wage, in fact, is the only source of rent that cannot be capitalized on the free market, since every man is necessarily a self-owner with an inalienable will.

*Man, Economy, and State with Power and Market*, p. 559

... the general supply curve of a factor will be "forward-sloping," i.e., rightward-sloping. ... general supply curves for a labor factor will also be forward-sloping.

*Man, Economy, and State with Power and Market*, p. 573

That each man receives his marginal value product means that each man is paid what he is worth in producing for consumers.

*Man, Economy, and State with Power and Market*, p. 579

... while wage rates are not equalized, psychic wage rates will all tend, in the long run, to move together and maintain a given skill-differential between each occupation. Therefore, when a certain

branch of industry expands its capital and production, an increase in DMVP, and therefore in wage rates, is not confined to that particular branch.

*Man, Economy, and State with Power and Market*, p. 579

To the employer, in other words, it makes no difference in what form workers cost him money, whether in “take-home pay” or in welfare benefits. But he cannot pay more than the worker’s DMVP; i.e., the worker’s total wage income is set by this amount. The worker, in effect, chooses in what form he would like his pay and in what proportion of net wage rates to “welfare” benefits. Part of these benefits is money that the employer might spend to provide particularly pleasant or plush working conditions for all or some of his employees. This cost is part of the total and is deducted from the overt wage rates of the employee.

*Man, Economy, and State with Power and Market*, p. 581

Wage rates will tend toward uniformity for the same labor in different geographical areas in precisely the same way as from industry to industry or firm to firm. Any temporary differential will induce laborers to move from the low- to the high-wage area and businesses to move from the latter to the former, until equilibrium is reached.

*Man, Economy, and State with Power and Market*, p. 617

... real wage rates will increase in the progressing economy.

*Man, Economy, and State with Power and Market*, p. 627

... the free market does not distribute incomes; income there arises naturally and smoothly out of the market processes of production and exchange.

*Man, Economy, and State with Power and Market*, p. 912

The laborer, faced with a tax on his wages, has less incentive to work hard ...

*Man, Economy, and State with Power and Market*, p. 915

Workers always want higher wages ... A worker can get only the value of the discounted marginal productivity of his labor.

*Man, Economy, and State with Power and Market*, p. 928

In the free market the inexorable trend is to equalize wage rates for the same value-productive work all over the earth.

*Man, Economy, and State with Power and Market*, p. 1107

On the free market, everyone earns according to his productive value in satisfying consumer desires.

*Man, Economy, and State with Power and Market*, p. 1363

## WALRAS, LÉON

The Walrasian scheme is unrealistic, consisting solely of a mathematical analysis of an unrealizable (though important) equilibrium system.

*America's Great Depression*, p. 66n12

It is surely no accident that the rise to dominance of Walrasian economics has coincided with the virtual mathematization of the social sciences.

*Economic Controversies*, p. 261

Modern orthodox economics has abandoned the quest for causal explanation in behalf of a Walrasian world of “mutual determination” suitable for the current fashion of mathematical economics.

*Economic Controversies*, pp. 695–96

The very notion of a Walrasian general equilibrium is not simply totally unrealistic, it is conceptually impossible, since money and monetary exchange cannot be sustained in that kind of system.

*Economic Controversies*, pp. 697–98

The Walrasian world is also one of “perfect” competition, where prices are given to all managers.

*Economic Controversies*, p. 832

## WAR AND PEACE

... any inflationary boom, especially that of a lengthy and major war, will collapse at the war's end into depression and deflation.

*Classical Economics*, p. 205

... a guerrilla war would be the libertarian way to fight a war ...

*Conceived in Liberty v. 4*, p. 24; p. 1138

In war, State power is pushed to its ultimate, and, under the slogans of "defense" and "emergency," it can impose a tyranny upon the public such as might be openly resisted in time of peace. War thus provides many benefits to a State, and indeed every modern war has brought to the warring peoples a permanent legacy of increased State burdens upon society.

*Egalitarianism as a Revolt Against Nature*, pp. 80–81

War, while risky, will be an ever-present tendency of States ...

*Egalitarianism as a Revolt Against Nature*, p. 82

In the modern era of total war, combined with the technology of total destruction, the very idea of keeping war limited to the State apparati seems even more quaint and obsolete than the original Constitution of the United States.

*Egalitarianism as a Revolt Against Nature*, p. 85

... while war in the narrower sense is a conflict between States, in the broader sense we may define it as the outbreak of open violence between people or groups of people.

*Egalitarianism as a Revolt Against Nature*, p. 117

The Libertarian's basic attitude toward war must ... be: it is legitimate to use violence against criminals in defense of one's rights of person and property; it is completely impermissible to violate the rights of other innocent people. War, then, is only proper when the exercise of violence is rigorously limited to the individual criminals.

*Egalitarianism as a Revolt Against Nature*, p. 119

... each State lives by taxation over its subjects. Any war against another State, therefore, involves the increase and extension of taxation-aggression over its own people. ... state wars can only be waged through aggression against the taxpayer.

*Egalitarianism as a Revolt Against Nature*, p. 124

... the overriding consideration for the Libertarian is the condemnation of any State participation in war.

*Egalitarianism as a Revolt Against Nature*, p. 128

... the use of nuclear or similar weapons, or the threat thereof, is a crime against humanity for which there can be no justification.

... it is precisely the characteristic of modern weapons that they cannot be used selectively, cannot be used in a libertarian manner. Therefore, their very existence must be condemned, and nuclear disarmament becomes a good to be pursued for its own sake. Indeed, of all the aspects of liberty, such disarmament becomes the highest political good that can be pursued in the modern world. For just as murder is a more heinous crime against another man than larceny so mass murder — indeed murder so widespread as to threaten human civilization and human survival itself — is the worst crime that any man could possibly commit. ...

... nuclear warfare is totally illegitimate ...

*Ethics of Liberty*, p. 191

... each State lives by taxation over its subjects. Any war against another State, therefore, involves the increase and extension of taxation-aggression against its own people. Conflicts between private individuals can be, and usually are, voluntarily waged and financed by the parties concerned. ... State wars can only be waged through aggression against the taxpayer.

All State wars, therefore, involve increased aggression against the State's own taxpayers ...

*Ethics of Liberty*, pp. 192–93

... the libertarian is interested in reducing as much as possible the area of State aggression against all private individuals, “foreign” and

“domestic.” The only way to do this, in international affairs, is for the people of each country to pressure their own State to confine its activities to the area which it monopolizes, and not to aggress against other State-monopolists — particularly the people ruled by other States. In short, the objective of the libertarian is to confine any existing State to as small a degree of invasion of person and property as possible. And this means the total avoidance of war. The people under each State should pressure “their” respective States not to attack one another, and, if a conflict should break out, to negotiate a peace or declare a cease-fire as quickly as physically possible.

*Ethics of Liberty*, p. 193

The libertarian objective, then, should be, regardless of the specific causes of any conflict, to pressure States not to launch wars against other States and, should a war break out, to pressure them to sue for peace and negotiate a cease-fire and a peace treaty as quickly as physically possible.

*Ethics of Liberty*, p. 194

It is in war that the State really comes into its own: swelling in power, in number, in pride, in absolute dominion over the economy and the society. The root myth that enables the State to wax fat off war is the canard that war is a defense by the State of its subjects. The facts are precisely the reverse. For if war is the health of the State, it is also its greatest danger.

*Ethics of Liberty*, pp. 196–97

... a permanent army is a standing temptation to the State to enlarge its power, to push around other people as well as other countries, and to dominate the internal life of the nation.

*For a New Liberty*, p. 101

Any standing army, then, poses a standing threat to liberty. Its monopoly of coercive weapons, its modern tendency toward creating and supporting a “military-industrial complex” to supply that army, and last, but not least ... the taxing power to finance that army, pose a continuing threat of the army’s perpetual expansion in

size and power. Any tax-supported institution, of course, is opposed by the libertarian as coercive, but an army is uniquely menacing for its amassing and collecting into one set of hands the massive power of modern weaponry.

*For a New Liberty*, p. 102

... the idea of inter-State war against a libertarian country or geographical area would most likely disappear.

*For a New Liberty*, p. 296

The main reason a conquering country can rule a defeated country is that the latter has an existing State apparatus to transmit and enforce the victor's orders onto a subject population. ... in those cases in history where the conquered had no government, the conquerors found rule over the conquered extremely difficult.

*For a New Liberty*, p. 298

... no occupying force can long keep down a native population determined to resist. ... Guerrilla warfare has proved to be an irresistible force precisely because it stems, not from a dictatorial central government, but from the people themselves, fighting for their liberty and independence against a foreign State.

*For a New Liberty*, pp. 298–99

... the objective of the libertarian is to confine any existing State to as small a degree of invasion of person and property as possible. And this means the total avoidance of war. The people under each State should pressure “their” respective States not to attack one another, or, if a conflict should break out, to withdraw from it as quickly as physically possible.

*For a New Liberty*, pp. 331–32

War, then, is mass murder, and this massive invasion of the right to life, of self-ownership, of numbers of people is not only a crime but, for the libertarian, the ultimate crime. ... Since all governments obtain their revenue from the thievery of coercive taxation, any mobilization and launching of troops inevitably involve

an increase in tax-coercion ... because inter-State wars inevitably involve both mass murder and an increase in tax-coercion, the libertarian opposes war. Period.

*For a New Liberty*, p. 332

... the libertarian position should be that, so long as the war continues, the scope of assault upon innocent civilians must be diminished as much as possible. ... the libertarian tries to induce neutral States to remain neutral in any inter-State conflict, and to induce the warring States to observe fully the rights of neutral citizens.

*For a New Liberty*, p. 333

The libertarian foreign policy, then, is not a pacifist policy. We do not hold, as do the pacifists, that no individual has the right to use violence in defending himself against violent attack. What we do hold is that no one has the right to conscript, tax, or murder others, or to use violence against others in order to defend himself. Since all States exist and have their being in aggression against their subjects and in the acquiring of their present territory, and since inter-State wars slaughter innocent civilians, such wars are always unjust — although some may be more unjust than others.

*For a New Liberty*, p. 337

War has always been the occasion of a great — and usually permanent — acceleration and intensification of State power over society. War is the great excuse for mobilizing all the energies and resources of the nation, in the name of patriotic rhetoric, under the aegis and dictation of the State apparatus. It is in war that the State really comes into its own: swelling in power, in number, in pride, in absolute dominion over the economy and the society. Society becomes a herd, seeking to kill its alleged enemies, rooting out and suppressing all dissent from the official war effort, happily betraying truth for the supposed public interest.

*For a New Liberty*, pp. 347–48

... war and a phony “external threat” have long been the chief means by which the State wins back the loyalty of its subjects.

*For a New Liberty*, p. 364



Only if governments are deprived of weapons of offensive warfare will they be forced to pursue a policy of isolation and peace.

*For a New Liberty*, p. 367

Unconditional surrender maximizes the war and mass murder. In short, no one in war surrenders unconditionally, so proclaiming such an aim means that peace cannot be achieved on any terms short of eradication of the enemy.

*Irrepressible Rothbard*, p. 158

... a land without a settled government, whether criminally anarchic or anarcho-capitalist, is almost impossible for an external power to occupy and govern. For there is no political infrastructure, no settled government to whom the occupying imperial power can transmit orders.

*Irrepressible Rothbard*, p. 192

Well, I don't want to disillusion any tender souls, but almost all victorious troops through history commit systemic rapin' and lootin' of the vanquished. It's called the "spoils of war," and will continue to exist, despite received opinion, so long as war exists.

*Irrepressible Rothbard*, p. 210

Sanctions, the step-by-step escalation of intervention, is a favorite policy of the warmongers. ...

... Sanctions are simply the coward's and the babbler's halfway house to war.

*Irrepressible Rothbard*, p. 219

Justifications, rationalizations, for butchery and mass murder have been served up by every State and cheerfully adopted by the overwhelming majority of their citizens.

*Left and Right*, p. 449

... the root cause of war is the nation-State system; given the existence of this system, wars will always occur, and all States will share in that guilt ... all States, without exception, aggress against

their citizens ... in all wars each State aggresses against innocent civilians “belonging” to the other State.

*Left and Right*, pp. 504–05

Nothing brings about a revolutionary crisis situation — and no revolutions can occur without such crises — so completely as a “no-win” war; nothing so starkly reveals the inadequacy of the existing State to its citizenry. A losing war is more powerful than decades of patient education in the vital task of demystifying and desanctifying the State apparatus in the eyes of its subject population.

*Libertarian Forum v. 1*, p. 69

... to call State Y an “aggressor” *per se* must mean that the present territorial boundaries of State X are somehow morally and rightfully its own ... But since national territories have invariably been acquired by previous aggression rather than by voluntary social contract, to leap automatically to the defense of the invaded State is an absurdity. ...

... since all States are aggressors anyway against their own population, even the most aggrieved State can never, for libertarians, aspire to the simple status of innocent victim ... No State, in fact, is worth the extra State aggression upon their subjects that will be involved in every State’s ganging up on the “aggressor” in the collective-security mystique.

*Libertarian Forum v. 1*, p. 253

... in every war in history, there is one and only one way to secure return of POW’s: by ending the war.

*Libertarian Forum v. 1*, p. 294

The biggest single enemy of liberty, the biggest threat to the life, liberty and property of Americans and of the entire human race is modern nuclear warfare.

*Libertarian Forum v. 1*, p. 621

War has been the great killer of human liberty as well as human lives.

*Libertarian Forum v. 1, p. 621*

... war has been the major method by which the State has fastened its rule upon a deluded public. ... War and foreign intervention are crucial methods by which a State expands its power and exploitation ... war provides a golden opportunity for the State to bamboozle its citizens into gathering together to defend it and to advance its interests and its power.

*Libertarian Forum v. 2, pp. 639–40*

... war and militarism ... are in fact the major menace to liberty ...

*Libertarian Forum v. 2, p. 711*

... war has always been the occasion for a huge, catastrophic leap into statism, a leap that occurs during the war and lasts as a permanent legacy afterward.

*Libertarian Forum v. 2, p. 925*

... war is a grim and evil business ...

*Libertarian Forum v. 2, p. 1019*

When it provides postal service, or roads, or steel plants, the State can only loot and miscalculate. It is monumentally inefficient and monumentally thieving. But, at least, in those functions it does not kill. It is precisely in war, in its active use of force outside its borders, that the State Murders.

*Libertarian Forum v. 2, p. 1178*

Every war in American history has been the occasion for a Great Leap Forward in the power of the State, a leap which, at best, could only be partly rolled back after the war.

*Making Economic Sense, p. 428*

... war may be defined as violent action used by two or more opponents ...

*Man, Economy, and State with Power and Market, p. 80*

It is the peaceful, cooperative society that creates favorable conditions for feelings of friendship among men.

*Man, Economy, and State with Power and Market*, p. 101

War, then, even a just defensive war, is only proper when the exercise of violence is rigorously limited to the individual criminals themselves.

*Man, Economy, and State with Power and Market*, p. 190

The market is an interpersonal relation of peace and harmony; statism is a relation of war and caste conflict.

*Man, Economy, and State with Power and Market*, p. 1363

Justifications, rationalizations, for butchery and murder have been served up by every State and adopted by the overwhelming majority of their citizens.

*Strictly Confidential*, p. 338

... war is uneconomic for the various peoples if there is free trade and free markets (and, hopefully, freedom of migration); but if there is not, then war can confer national economic benefits in the sense of seizing raw material that would not otherwise be available due to tariff, quota, etc., barriers of national autarky.

*Strictly Confidential*, p. 378

## **WATER**

If private property rights existed in the ocean, there would be a fantastic flowering of aquaculture, a flowering which would not only use the enormous untapped resources of the ocean, but also would enormously increase the resources through such techniques as fertilizing, “fencing” off parts of the ocean, etc.

*Egalitarianism as a Revolt Against Nature*, p. 185

Water shortages are chronic in some areas of the country, and intermittent in others ... Yet the government, (1) via its ownership of the public domain, owns the rivers from which much of

the water comes, and (2) as virtually the only commercial supplier of water, the government owns the reservoirs and water conduits.

*For a New Liberty*, p. 91

The oceans are in the international public domain, i.e., no person, company, or even national government is allowed property rights in parts of the ocean. ...

With respect to the ocean, however, we are still in the primitive, unproductive hunting and gathering stage.

*For a New Liberty*, p. 314

If private property in parts of the ocean were permitted, a vast flowering of aquaculture would create and multiply ocean resources in numerous ways we cannot now even foresee.

*For a New Liberty*, p. 315

... “freedom of the seas” really means “ocean communism,” i.e., a state of no-property in the ocean. ... the ocean ... has been substantially kept out of productive use because “ocean communism” has been able to prevent private property in parts of the ocean. As a result, the ocean is under-utilized in the same way that land was in the centuries before private property was allowed in land. Only hunting and gathering (of fish, minerals) is allowed in the oceans now, just as only hunting and gathering was feasible in the days before private landed property. It was only private property in land that made agriculture (the transformation of the land by human energy) possible, thereby enormously increasing land productivity; and only private property in parts of the ocean will eventually make “aquaculture” feasible, and lead to a vast and mighty boom of resources and production in the vast ocean storehouse.

*Libertarian Forum v. 1*, p. 566

If the water industry were free and competitive, the response to a drought would be very simple: water would rise in price. There would be griping about the increase in water prices, no doubt, but there would be no “shortage,” and no need or call for the usual baggage of patriotic hoopla, calls for conservation, altruistic pleas

for sacrifice to the common good, and all the rest. But, of course, the water industry is scarcely free; on the contrary, water is almost everywhere in the U.S. the product and service of a governmental monopoly.

*Libertarian Forum v. 2, p. 765*

It is high time to expand the dominion of man to one of the last frontiers on earth: aquaculture. ... What aquaculture needs above all is the expansion of private property rights and ownership to all useful parts of the oceans and other water resources.

*Making Economic Sense, pp. 88–89*

A longer-run solution, of course, is to privatize the entire system of water and water rights ...

... The entire water system is a mess, and only privatization and free markets can cure it.

*Making Economic Sense, pp. 91–92*

Water, as usual with government, is priced in an economically and irrational manner.

*Making Economic Sense, p. 97*

If the government wants to conserve water and lessen its use, all it need do is raise the price. It doesn't have to order an end to this or that use, set priorities, or decide who should be allowed to drink more than three glasses a day. All it has to do is clear the market, and let people conserve each in his own way and at his own pace.

In the longer run, what the government should do is privatize the water supply, and let water be supplied, like oil or Pepsi-Cola, by private firms trying to make a profit and to satisfy and court consumers, and not to gain power by making them suffer.

*Making Economic Sense, p. 99*

Fish are definitely not available in unlimited quantities relatively to human wants. Therefore, they are appropriable — their stock and source just as the captured fish themselves. Indeed, nations are always quarreling about “fishing rights.” In a free society, fishing

rights to the appropriate areas of oceans would be owned by the first users of those areas and then usable or salable to other individuals. Ownership of areas of water that contain fish is directly analogous to private ownership of areas of land or forests that contain animals to be hunted. Some people raise the difficulty that water flows and has no fixed position, as land does. This is a completely invalid objection, however. Land “moves” too, as when soil is uprooted in dust storms. Most important, water can definitely be marked off in terms of latitudes and longitudes. These boundaries, then, would circumscribe the area owned by individuals, in the full knowledge that fish and water can move from one person’s property to another.

*Man, Economy, and State with Power and Market*, p. 174

## WEALTH

... wealth is accumulated by means of unconsumed and saved annual produce.

*Economic Thought Before Adam Smith*, p. 395

A man then, can acquire “wealth” — a stock of useful capital or consumer goods — either by “producing” it himself, or by selling to its producer some other product in exchange. The exchange process reduces logically back to original production.

*Ethics of Liberty*, p. 37

... there are only two paths for man to acquire property and wealth: production or coercive expropriation.

*Ethics of Liberty*, p. 49

... there are two and only two ways of attaining wealth in society: (a) by production and voluntary exchange with others — the method of the free market; and (b) by violent expropriation of the wealth produced by others. The latter is the method of violence and theft. The former benefits all parties involved; the latter parasitically benefits the looting group or class at the expense of the looted.

*Ethics of Liberty*, pp. 166–67

On the free market, it is a happy fact that the maximization of the wealth of one person or group redounds to the benefit of all; but in the political realm, the realm of the State, a maximization of income and wealth can only accrue parasitically to the State and its rulers at the expense of the rest of society.

*Ethics of Liberty*, p. 176

## WELFARE

Being-on-welfare, like all other human economic acts, has a “supply function”: in other words, if you make welfare pay enough, you can produce as many welfare clients as you wish to have. ...

... the supply function of welfare clients is inversely proportional to the difference between the prevailing wage rate in the area and the level of welfare payments. This difference is the “opportunity cost” of going on welfare — the amount that one loses by loafing instead of working.

*Economic Controversies*, p. 900

The Libertarian approach to the welfare problem, then, is to abolish all coercive, public welfare, and to substitute for it private charity based on the principle of encouraging self-help, bolstered also by inculcating the virtues of self-reliance and independence throughout society.

*Economic Controversies*, pp. 902–03

... the number of welfare recipients has what is called in economics a “positive supply function”; in other words, that when the incentives to go on welfare rise, the welfare rolls will lengthen, and that a similar result will occur if the disincentives to go on welfare become weaker.

*For a New Liberty*, p. 177

Another powerful factor in swelling the welfare rolls is the increasing disappearance of the various sturdy disincentives for going on welfare. The leading disincentive has always been the stigma that every person on the welfare dole used to feel, the stigma of being



parasitic and living off production instead of contributing to production. This stigma has been socially removed ... with the old stigma increasingly removed, people now tend more and more to move rapidly toward welfare instead of shrinking from it.

*For a New Liberty*, pp. 179–180

... the libertarian position calls for the complete abolition of governmental welfare and reliance on private charitable aid, based as it necessarily will be on helping the “deserving poor” on the road to independence as rapidly as possible.

*For a New Liberty*, pp. 182–83

The easy availability of the welfare check obviously promotes present-mindedness, unwillingness to work, and irresponsibility among the recipients — thus perpetuating the vicious cycle of poverty-welfare.

*For a New Liberty*, pp. 191–92

Perhaps one of the grimmest consequences of welfare is that it actively discourages self-help by crippling the financial incentive for rehabilitation.

*For a New Liberty*, p. 194

Since welfare families are paid proportionately to the number of their children, the system provides an important subsidy for the production of more children. Furthermore, the people being induced to have more children are precisely those who can afford it least; the result can only be to perpetuate their dependence on welfare, and, in fact, to develop generations who are permanently dependent on the welfare dole.

*For a New Liberty*, p. 194

The one element that saves the present welfare system from being an utter disaster is precisely the red tape and the stigma involved in going on welfare. The welfare recipient still bears a psychic stigma, even though weakened in recent years, and he still has to face a typically inefficient, impersonal, and tangled bureaucracy. But the

guaranteed annual income, precisely by making the dole efficient, easy, and automatic, will remove the major obstacles, the major disincentives, to the “supply function” for welfare, and will lead to a massive flocking to the guaranteed dole.

*For a New Liberty*, p. 210

... the logical conclusion of the guaranteed annual income will be a vicious spiral into disaster, heading toward the logical and impossible goal of virtually no one working, and everyone on the dole.

*For a New Liberty*, p. 211

The only workable solution is the libertarian one: the abolition of the welfare dole in favor of freedom and voluntary action for all persons, rich and poor alike.

*For a New Liberty*, p. 212

... the welfare state injures, rather than benefits, its alleged beneficiaries, and only aggravates the problem.

*Irrepressible Rothbard*, p. 386

... the federal anti-poverty program is a sham and a fraud ...

*Left and Right*, p. 134

The essence of the “welfare state” [is] privileged monopolists find their privileged income being reduced by free competition, and they call upon the friendly government authorities to use their coercive powers to outlaw the competition. The “welfare state” is the monopoly state.

*Libertarian Forum v. 1*, p. 546

... the more any product, service, or condition is subsidized, the more of it we are going to get.

*Making Economic Sense*, p. 55

The welfare system has become an open scandal ...

*Making Economic Sense*, p. 56

... throwing taxpayer money and privileges at the inner cities is starkly counterproductive.

*Making Economic Sense*, p. 66

A massive and expensive attempt to stamp out poverty, inner-city problems, racism, and disease, has only resulted in all of these problems being far worse, along with a far-greater machinery for federal control, spending, and bureaucracy.

*Making Economic Sense*, p. 79

Here is the essence of the “welfare state” in action: The government cartelizing and restricting competition, cutting production, raising prices, and particularly injuring low-income consumers, all with the aid of mendacious disinformation provided by technocrats hired by the government to administer the welfare state, all meanwhile bleating hypocritically about how the policy is all done for the sake of the consumers.

*Making Economic Sense*, p. 84

Transfer spending or subsidies distort the market by coercively penalizing the efficient for the benefit of the inefficient. (And it does so even if the firm or individual is efficient without a subsidy, for its activities are then being encouraged beyond their most economic point.) Subsidies prolong the life of inefficient firms and prevent the flexibility of the market from fully satisfying consumer wants. The greater the extent of government subsidy, the more the market is prevented from working, the more resources are frozen in inefficient ways, and the lower will be the standard of living of everyone. ... The more widespread the tax-and-subsidy process, the more people will be induced to abandon production and join the army of those who live coercively off production. Production and living standards will be progressively lowered as energy is diverted from production to politics and as government saddles a dwindling base of production with a growing and more top-heavy burden of the State-privileged.

*Man, Economy, and State with Power and Market*, p. 942

Standard theory views government as functional: a social need arises, and government, semi-automatically, springs up to fill that need. The analogy rests on the market economy: demand gives rise to supply (e.g., a demand for cream cheese will result in a supply of cream cheese on the market). But surely it is strained to say that, in the same way, a demand for postal services will spontaneously give rise to a government monopoly Post Office, outlawing its competition and giving us ever-poorer service for ever-higher prices.

Indeed, if the analogy fails when even a genuine service (e.g., mail delivery or road construction) is being provided, imagine how much worse the analogy is when government is not supplying a good or service at all, but is coercively redistributing income and wealth.

*Progressive Era*, p. 321

... we must realize that the two most powerful motivations in human history have always been ideology (including religious doctrine), and economic interest, and that a joining of these two motivations can be downright irresistible. It was these two forces that joined powerfully together to bring about the welfare state.

*Progressive Era*, p. 327

## WELFARE ECONOMICS

... utilities and costs are purely subjective to each individual and therefore cannot be compared or weighed between persons.

*Classical Economics*, p. 61

... no act whatever of the State can increase social utility. ...

... the free market maximizes social utility.

*Economic Controversies*, p. 92

Indifference can never be demonstrated by action. Quite the contrary. Every action necessarily signifies a choice, and every choice signifies a definite preference. Action specifically implies the contrary of indifference. ...

If a person is really indifferent between two alternatives, then he cannot and will not choose between them. Indifference is therefore never relevant for action and cannot be demonstrated in action.

*Economic Controversies*, pp. 304–05

... the concept of the individual indifference curve is completely fallacious ...

*Economic Controversies*, p. 306

... We can only say that “social welfare” (or better, “social utility”) has increased due to a change, if no individual is worse off because of the change (and at least one is better off). If one individual is worse off, the fact that interpersonal utilities cannot be added or subtracted prevents economics from saying anything about social utility.

*Economic Controversies*, p. 314

... we cannot scientifically compare utilities or satisfactions between individuals.

*Economic Controversies*, p. 315

... the very fact that an exchange takes place demonstrates that both parties benefit (or more strictly, expect to benefit) from the exchange. The fact that both parties chose the exchange demonstrates that they both benefit. The free market is the name for the array of all the voluntary exchanges that take place in the world. Since every exchange demonstrates a unanimity of benefit for both parties concerned, we must conclude that the free market benefits all its participants. In other words, welfare economics can make the statement that the free market increases social utility ...

... the processes of the free market always lead to a gain in social utility. And we can say this with absolute validity as economists, without engaging in ethical judgments.

*Economic Controversies*, p. 320

... no government interference with exchanges can ever increase social utility. ... Given the fact that coercion is used for taxes, therefore, and since all government actions rest on its taxing power, we

deduce that: no act of government whatever can increase social utility.

*Economic Controversies*, p. 323

Exchanges between persons can take place either voluntarily or under the coercion of violence. There is no third way. If, therefore, free market exchanges always increase social utility, while no coerced exchange or interference can increase social utility, we may conclude that the maintenance of a free and voluntary market “maximizes” social utility ...

*Economic Controversies*, p. 323

... the free market at any time will maximize social utility.

*Economic Controversies*, p. 326

... utility cannot be measured, and therefore cannot be compared between one person and another.

*Economic Controversies*, p. 562

... utilities and costs are indeed subjective: individual utilities are purely subjective and ordinal, and therefore it is totally illegitimate to add or weight them to arrive at any estimate for “social” utility or cost.

*Ethics of Liberty*, p. 203

... the criterion of “Pareto optimality” [holds] that a political policy is “good” if one or more people are “better off” (in terms of satisfying utilities) from that policy while no one is “worse off.”

*Ethics of Liberty*, p. 203

... no measurement of psychic gain can be made either for one individual or between different individuals ...

*Man, Economy, and State with Power and Market*, p. 117

... it is conceptually impossible to measure utility ...

*Man, Economy, and State with Power and Market*, p. 130n27

Utility theory is not concerned with psychology or the internal operations of the mind, but is part of a separate science based on the logical consequences of the simple existence of action.

*Man, Economy, and State with Power and Market*, p. 308

... there is no such relation, and there is no such thing as “total utility,” only the marginal utility of a larger-sized unit.

*Man, Economy, and State with Power and Market*, p. 306

... “indifference” cannot be a basis for action. If a man were really indifferent between two alternatives, he could not make any choice between them, and therefore the choice could not be revealed in action. We are interested in analyzing human action. Any action demonstrates choice based on preference: preference for one alternative over others. There is therefore no role for the concept of indifference in economics or in any other praxeological science.

*Man, Economy, and State with Power and Market*, p. 307

... any approach toward the free-market equilibrium price and output point for any product benefits the consumers and thereby benefits the producers as well. Any movement away from the free-market price and output injures the consumers.

*Man, Economy, and State with Power and Market*, pp. 904–05

... the free market “maximizes” social utility, since everyone gains in utility ...

Coercive intervention, on the other hand, signifies *per se* that the individual or individuals coerced would not have done what they are now doing were it not for the intervention. The individual who is coerced into saying or not saying something or into making or not making an exchange with the intervener or with someone else is having his actions changed by a threat of violence. The coerced individual loses in utility as a result of the intervention, for his action has been changed by its impact.

*Man, Economy, and State with Power and Market*, p. 1061

... utility is maximized for all on the free market; whereas to the extent that there is invasive interference in society, it is infected with conflict and exploitation of man by man.

*Man, Economy, and State with Power and Market*, p. 1068

... the benefit from exchange can never be measured or compared interpersonally. The “consumers’ surplus” derived from exchange is purely subjective, nonmeasurable, and noncomparable scientifically.

*Man, Economy, and State with Power and Market*, p. 1239

## WICKSELL, KNUT

Wicksell ... dismissed the approach of the “French harmony economists” ...

*Economic Controversies*, p. 325

... Wicksell ... engages in a brilliant discussion of capital and the production structure and the role of time in production. Wicksell demonstrates correctly that labor and land are the only ultimate factors, and that therefore the marginal productivity of capital goods is reducible to the marginal productivity of labor and land factors, so that money capital earns the interest (or discount) differential.

Wicksell’s discussion of these and related issues is of basic importance. He recognized, for example, that capital goods are fully and basically coordinate with land and labor factors only from the point of view of the individual firm, but not when we consider the total market in all of its interrelations.

*Man, Economy, and State with Power and Market*, p. 506n36;

*Economic Controversies*, p. 279n2

... is one of the fathers of [the Austrian] business-cycle approach ...

*Man, Economy, and State with Power and Market*, p. 1003n112



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