

The Austrian

A PUBLICATION OF THE MISES INSTITUTE

The Future Is Decentralized

PATRICK BYRNE ON BYPASSING WASHINGTON AND WALL STREET

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from the publisher

Jeff Deist

“Any American who is prepared to run for president should automatically, by definition, be disqualified from ever doing so.”

Gore Vidal

“In politics nothing is contemptible.”

Benjamin Disraeli

The interminable 2016 political season is upon us, and if you sat through the first GOP presidential pageant you know that the landscape is not friendly to liberty.

Americans, for all our many favorable traits, exhibit an almost childish naiveté when it comes to political life. We claim to hate the system, and bemoan the current state of affairs, but we savagely attack anyone who truly strays from the script (see, e.g., Ron Paul 2008 and 2012). And we accept with a fairly straight face the candidates’ “policies” and supposed positions on issues.

The Austrian

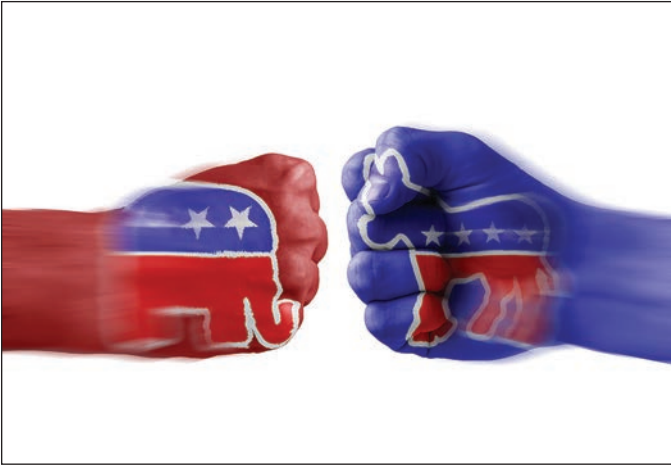
A PUBLICATION OF THE MISES INSTITUTE

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Publisher: Jeff Deist Editor: Ryan McMaken Managing Editor: Judith F. Thommesen
Contributing Editors: Thomas J. DiLorenzo, Jeffrey M. Herbener, Robert Higgs, Mark Thornton

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But worst of all are the staged debates.

At the recent FOX News event we heard quite a lot about fealty to party, the hurtful nature of hurtful comments, and which questioners were biased against which candidates.

We even heard a bit about the 4th Amendment and warrants, accompanied by the jeers of the audience.

But the critical matters of our time — war and peace, central banking, and state power — were decidedly absent from the agenda. Not one candidate even mentioned the Federal Reserve Bank, the underlying financier of the welfare and warfare state.

And while they're paying lip service to the dead letter known as the Constitution, can at least one of these would-be emperors stop impressing us with their plans for issuing *diktats* upon entering office? I assume they recall, on some level, that Congress still exists.

Politics, as they say, is a substitute for war. But it's also a fool's errand, and a tragic waste of human energy and resources. Why do we need a substitute for violence, force, and conflict? If we can imagine a world without war, why can't we imagine a world without politics — and politicians?

Thankfully, our recent "Mystery Guest" at Mises University is a man with a vision for a world that bypasses Washington and Wall Street altogether. Patrick Byrne is an e-commerce pioneer at Overstock.com, a Stanford PhD in philosophy, a student of eastern thought, and a block chain visionary.

In our cover article Byrne explains how (fortunately for us) the political class suffers from Hayek's fatal conceit: they overestimate their ability to understand and

control a universe of tacit, diffuse knowledge. As the world relentlessly becomes more modern — thanks to markets and the technology markets produce — the dispersal of knowledge accelerates. And it becomes harder for any central authority to govern us.

Beyond this, however, is the looming possibility of eliminating the supposed need for centralized states to serve as agents of trust: settling funds, guaranteeing money transfers, titling land, or enforcing contracts. Block chain technology promises to provide us with independent, peer-to-peer, tamper-proof transparency in market dealings. In other words, trustworthiness. The implications, as Byrne explains, are staggering.

Also in this issue of *The Austrian*, our cultural critic Paul Cantor reviews Mike Judge's new HBO comedy series *Silicon Valley*. Judge (known for his great movie *Idiocracy*) turns his acerbic sights on the tech industry, where very smart people sometimes show a particular kind of stupidity. But Judge avoids the usual leftish anti-business bias so commonly found in self-consciously edgy cable shows. If anything, Cantor finds *Silicon Valley* refreshingly sympathetic to the Austrian concept of entrepreneurs as risk-taking visionaries.

David Gordon reviews a new book from the formidable (but not always correct) Charles Murray entitled *By the People: Rebuilding Liberty Without Permission*. Readers of Murray's past work will welcome his more radical tone here: civil disobedience is permissible, even laudable, when faced with a lawless federal government, useless courts, and a broken political system. But Murray ultimately disappoints Dr. Gordon by ignoring root causes, instead falling back on DC shibboleths like public goods while failing to address disastrous foreign policy errors.

We also feature some great photos from Mises University 2015, held on our campus in July. Mises U is our signature event, and it launches more liberty-minded young people into academia, business, and the financial industry than any other program of its kind. We're very proud — and grateful — that you've chosen to support this most important and life-changing program.

As always, we hope you enjoy and benefit from this issue of *The Austrian*. Thank you for being a Mises Institute Member. ■■■

Jeff Deist is president of the Mises Institute.

The Future Is Decentralized

Bypassing Washington and Wall Street by Patrick Byrne



The costs of centralizing information are higher than people understand. Until they have worked in actual organizations that have missions like fighting a war or making a profit, people tend to underestimate just how expensive it can be to centralize information.

If our mental picture of the world is like the pointy-haired manager in the Dilbert cartoons, we'll tend to favor institutions where knowledge comes from the knowledge frontier, and is then moved to the central office where the managers sit and cogitate. The managers then push stupid orders back to the frontier.

And that pretty much describes the way collectivists want to organize the world. They don't want there to be peer-to-peer consent because they think they can save a bunch of time and cost if everything can be centralized.

Hayek understood this well, especially in his 1945 article "The Use of Knowledge in Society." This article influenced Thomas Sowell's work in his books *A Conflict of Visions* and *Knowledge and Decisions*. And all of these works influenced me.

Thanks to the works of Hayek and Sowell, I've come to appreciate that whether we're talking about business or social matters, life is all about avoiding the costs of centralizing information to some higher power that then spits orders out.

PATRICK BYRNE, CONTINUED consensual exchange in the marketplace.

This is where the block chain is most useful and revolutionary. It helps us to overcome the problem of mutual trust in exchange, which will in turn make many of our modern central institutions unnecessary.

So what is this problem of trust in mutual exchange? Well, if I have a camel and you're going to give me a gold coin in exchange for it, I have to trust that you did not debase this coin.

Certain groups will then attempt to develop a business model that can address this problem. For example, an organization (i.e., a monarch) that has a monopoly on violence in some area can monetize this monopoly by saying "I will mint gold coins and put my face on them, and if anyone tries to debase those coins, I'll kill him."

That's just a business model, and we happen to call that business model "government."

So the question is: can we just have consensual exchange, or do we have to pick some central institution that we can trust, so we don't have to trust each other?

There are, of course, many other examples of the usefulness of central institutions in exchange. If we want to buy and sell land, and we don't trust each other, we can use a central institution called a land title office, which will ensure that the sellers actually own the land they're selling. Governments all across the world are involved in this every day. And as Hernando de Soto discussed in his book *The Mystery of Capital*, it is difficult to have capital formation when you don't know for sure who owns what.

So, throughout human history, we have relied on these central institutions to help us overcome this problem of trust in exchange.

But, as we know, there are problems that arise from these systems, as well.

Decentralizing Wall Street

Not all of these central institutions are what we call government. Yes, many of these institutions are run by guys in two-piece suits in Washington. And some are run by guys in black robes. Some are done by people with badges and guns. But many of them are done by guys in three-piece suits on Wall Street.

Wall Street, however, is not immune to fraud and abuse, and this problem is often made worse by centralization. But most people don't know how these central institutions work.

When you watch a movie, for example, you know there are things going on behind the scenes, and you probably assume the same is true for Wall Street. But on Wall Street, that behind-the-scenes stuff works a lot differently than you think it does.

Unbeknownst to many, Wall Street now relies on central institutions that were created in the 1970s all allegedly with the purpose of accomplishing what's called "settlement" which is the process through which securities actually change hands in exchange for payment.

These central institutions were created to replace the old "stock-jobbers" who carried around sacks of stock certificates in the old days, but who couldn't keep up with the tripling of trading volume that occurred during the 1960s.

So we now have these central institutions that handle the problem of settlement by controlling the flow of information and the stocks themselves. But new problems have arisen as a result. As of 2008, for example, it was quite possible that Merrill Lynch was sending you a statement at the end of the month saying you own 100 shares of IBM, and other people saying the same thing. But back at Merrill Lynch, they only had 100 shares. They were telling five different people they had 100 shares.

On most days that won't make a difference. But deep down that's a game that looks a lot like fractional reserve banking.



And as a result, the system was being looted, and just like if someone practiced fractional reserve banking and wasn't telling anyone, someone could loot that vault and take advantage of investors for a long time before anyone noticed.

And just in general, this is what happens when you have centralized institutions.

Getting Rid of Centralization

The key to overcoming the problems in these central institutions is the block chain. Because, with the block chain, for the first time, we no longer need these central institutions for settlement, or for guaranteeing the value of coins, or for land titling. All of these functions can be replaced by a transparent public ledger that is safe from tampering, and which can make value and ownership clear and open for everyone. This is information that is decentralized, and is not controlled by any central organization. We don't need central institutions to control or protect this information anymore. Using the block chain, we can disrupt all these systems — and much more, too — and the institutions behind them. In turn, this spreads decision-making and the use of knowledge to a much larger number of people and institutions. The advantages of decentralization that are already being employed in private companies can then be felt society-wide.

In other words, with the block chain, we liberals — those of us who have been fighting authoritarianism, whether it's socialism or fascism or "social justice-ism," for 500 years — just got "the bomb" in this fight. It's something new.

And this is why the block chain and I got so much attention in response to that recent *Politico* article. I was told that the article was being talked about all over Washington. And they were talking about it because these institutions that are threatened by the block chain have finally figured out that they're in trouble.

The CEO of JPMorgan, Jamie Dimon, for example, wrote a letter to shareholders in April that basically freaked out over the block chain. He told shareholders that "Silicon Valley is coming to eat Wall Street's lunch." Since he did that, everybody on Wall Street in the last three months — it seems every day, there is a new announcement coming from another corporation



— whether UBS, Credit Suisse, Morgan Stanley, saying “we have to study this and get involved.”

But it's too late for them. A year and a half ago, we started on this, and we've been very aggressive about developing new systems that can challenge these old central institutions.

I'm not doing this because I want to create a new monopoly. On the contrary, I want to create a bomb to blow up these central institutions.

Whether it's a single company, or a stock exchange, or an entire society, we know — thanks to Hayek — that information is best used when it's not centralized and when it's not being monopolized by some central institution. We know that flat and non-hierarchical systems use information best. I've tried to do that with my own company because it works better that way. And society at large will work better as well, if we can get rid of these old institutions and hierarchies. New innovations like the block chain can make this possible.

We knew when the internet was being created, that it was going to cause profound changes. But this new invention and the crypto revolution is going to be more significant than the internet itself. ■■■

This article is adapted from a Q and A session between Patrick Byrne and students at the 2015 Mises University at the Mises Institute. Patrick Byrne is CEO of Overstock.com and has been a leader in the world of cryptocurrencies and efforts to develop new technologies that offer alternatives to government institutions. He has been called the “Bitcoin Messiah” and the “Scourge of Wall Street” by the national media.

Mises University 2015!

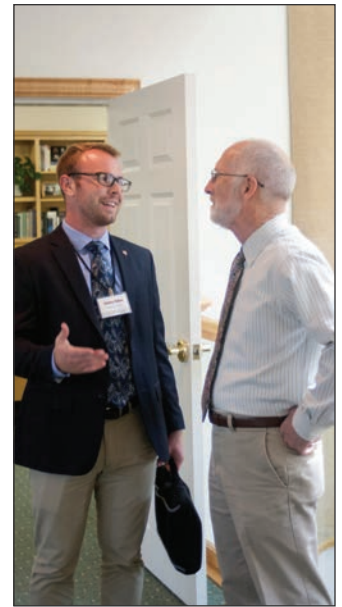


This year at Mises University, we welcomed students from 92 colleges, 24 countries, and 30 states to our campus in Auburn, Alabama. Students were joined by top faculty from around the world, including Judge Napolitano, Thomas Woods, Robert Higgs — who received the Rothbard Medal of Freedom this year — and a special guest, Overstock.com CEO Patrick Byrne, who spoke with the students during a 45-minute question and answer session ranging from corporate governance to cryptocurrencies.





With the conclusion of 2015's Mises University, we now have thirty years of Mises U behind us with thousands of Mises U alums in the professional world, and many working as professional academic economists. And of course, many of our Mises U faculty today — such as Tom Woods and Peter Klein and Bob Murphy — were once Mises U students themselves. ■■■



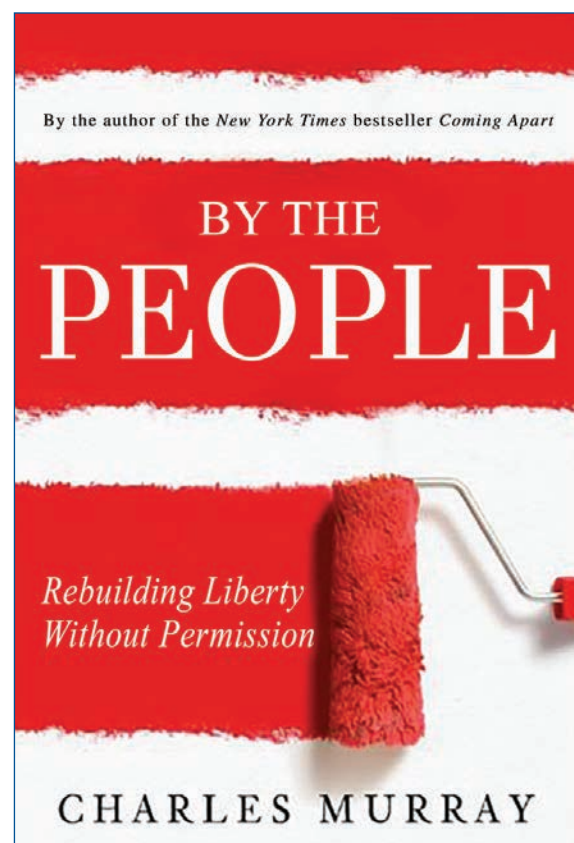
DAVID GORDON REVIEWS

By the People: Rebuilding Liberty Without Permission

Charles Murray

Crown Forum, 2015

xv + 319 pages



Charles Murray thinks that government has become arbitrary and tyrannical. In doing so, it has betrayed the “Madisonian” heritage of America, which strictly limited the power of the government to interfere with individual liberty. “As I [Murray] got into the book, I discovered I had to find a label less cumbersome than ‘people devoted to limited government’ ... my first impulse was to call us *Jeffersonians*, but Jefferson was well to the libertarian side of the spectrum, and I wanted to include advocates of limited government who think of themselves as conservatives. I settled on *Madisonians* instead.”

Murray says that “the Constitution that once sustained limited government is broken, and cannot be fixed by a Madisonian majority on the Supreme Court.” The problems are not confined to misinterpretations of the Constitution. “The American legal system increasingly functions in ways indistinguishable from lawlessness, for reasons that are authorized by judges and Congress.” Of most concern to Murray is the regulatory or administrative state, which operates “by rules that wouldn’t be permitted in civil and criminal courts, and [enforces] laws it has made upon its own.” The political system offers no relief from this “extralegal state within the state” because it is corrupt and dominated by institutions averse to change and under the control of special interest groups. “Combine the effects of institutional sclerosis with the effects of a growing percentage of Americans who depend on the benefits provided by the welfare state, and the political landscape for Madisonians is bleak and getting worse.”

In response, Murray proposes a bold strategy of civil disobedience. People should refuse to obey unjust government regulations. The government lacks the resources to enforce its mandates on a large number of violators; in addition, a defense fund would provide aid for those that the government sought to prosecute.

Murray has devoted much care to a description of our current legal woes; and, for the most part, he writes with a sure touch about legal issues. (Not always, though. It is not correct that the president must sign a constitutional amendment proposed by Congress, and it is doubtful that state laws that legalize marijuana violate the Supremacy Clause.) Further, he works out his conception of civil disobedience in a careful and imaginative way. Should we then welcome this book with enthusiasm?

I do not think that we should. Though Murray writes with insight about our present plight, he does not really want to do much about it. He opposes, for example, any disobedience to tax laws. “The tax code is exempt from systematic civil disobedience.”

Is this, though, a good reason to criticize Murray? The changes he suggests are ones he thinks will command widespread support. Much of the modern state, he suggests, cannot realistically be rolled back.

If this is Murray’s view, should we criticize him for holding it? He is a social scientist of great experience, famous for his studies of social policy. If he arrives at a pessimistic assessment of the prospects for liberty, should he be condemned for this?

But it is not for his pessimism, though I disagree with it, that I wish to challenge Murray. Rather, he is an “uncertain trumpet”; he is only in part an opponent of the Leviathan State. To be sure, he is, by his own lights, a “Madisonian,” but his commitment to limited government is not without its limits. For example, he opposes tax resistance not simply for reasons of prudence, but because taxation is “one of the legitimate functions of even a Madisonian state.”

It is not only taxation to support the night watchman state, furthermore, that our author defends. He also favors government funding of education, among other “public goods.” The latter, we learn, must not be defined strictly but include externalities as well. “Fostering public goods is also one of the legitimate functions of any government. ... Strictly defined public goods fall into two broad sets. One set consist of things that can be done *only* by government because of the nature of the task. ... [These goods are nonexclusive and nonrivalrous.] Other public goods are those that may or may not be nonexclusive and nonrivalrous, but do entail serious *externalities*, meaning that a cost is borne by someone involuntarily or a benefit is provided to someone who cannot be charged for it. ... It is appropriate that education be publicly funded, with people contributing to its cost whether or not they have children attending school.”

It is well known that as economists define this term, practically all actions generate externalities. Murray’s statement, then, hardly fills us with confidence about his support for a genuine free market. Our unease about the extent of Murray’s support for liberty is not allayed by his remark: “The Constitution needed to change as the United States evolved from the agrarian society of

the eighteenth century to the post-industrial society of today, and some of these changes would have permitted wholly new areas of government activity. ... If in the 1960s, LBJ had mounted a campaign for passage of an amendment permitting the government to spend money on protecting the environment, he would have been seeking permission for the government to engage in an activity that meets all the classic tests of a public good.”

One might imagine that a supporter of the free market would welcome every possible tax deduction.

Though Murray writes with insight about our present plight, he does not really want to do much about it.

But Murray holds a different opinion. He says: “Consider the case of the tax deduction for mortgage interest. It is regressive. ... People can argue from principle for progressive taxes or flat taxes, but no political philosophy tries to make a principled case for a regressive tax. And so it should be [politically] possible to get rid of the mortgage interest deduction. But it isn’t.” He fails to grasp that the problem with the mortgage exemption is not the deduction, but the taxation of others. His “free market” proposal is to extend taxation.

At times, he sounds like a standard welfare state liberal, albeit of a moderate sort. “Changes in the labor market have changed the moral arguments in favor of redistribution for the working population ... the economic value of many blue-collar and midlevel white-collar jobs has stagnated or dropped, not because of policy or market failures but because so many jobs can be done as well, or cheaper, by machines. ... It is time for conservatives to make some of their political friends mad at them and acknowledge that, in a country as rich as America, it is ridiculous that anyone lacks the means for a decent life.”

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DAVID GORDON, CONTINUED “Technological unemployment” is a long-exploded fallacy, and this is not the place for an account of it. I mention it only to show, once more, how very limited indeed is our Madisonian’s commitment to the free market.

There is a glaring omission in his account of the rise of the powerful state. He says nothing about war as a means to aggrandize the state; for him, the works of John T. Flynn, Garett Garrett, Murray Rothbard, and Robert Higgs do not exist. The little he says about foreign policy suggests that here too Murray sides with statism. Asking why the Soviet Union ceased in 1991 to exist, he says that “it is already clear that Reagan poked a shaky

Soviet system in some vulnerable places — by arming the mujahedeen in Afghanistan with Stinger missiles; starting a technological arms race that the Soviet leadership knew it could not match ...” I would not have thought that starting an arms race is the best way to limit government.

Murray’s palliative measures, though all right in their place, respond inadequately to the realities of empire and tyranny. We need to do more than protect ourselves against overzealous factory inspectors. ■■■

David Gordon is Senior Fellow at the Mises Institute, and editor of *The Mises Review*.



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Please call or write Kristy Holmes (800.636.4737; kristy@mises.org) for more details.



Hundreds Gather to Celebrate Ron Paul's 80th Birthday



More than 650 people joined the Mises Institute near Houston on Saturday, August 15 to celebrate Ron Paul's 80th birthday. Dr. Paul was joined by Jeff Deist, Lew Rockwell, Tom Woods, and Judge Napolitano, all of whom spoke about their own experiences and recollections of Dr. Paul. Attendees traveled from 27 states to attend the celebration.

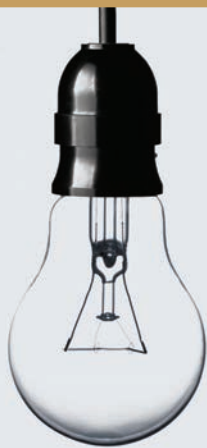
Following the introductions, Dr. Paul spoke about the same issues that have always animated his efforts to spread the message of peace and freedom: the need to fight central banking, the welfare state, and the warfare state.

Afterward, well-wishers, including many young families, professionals, and entrepreneurs, waited in a lengthy line to take their pictures with Dr. Paul and to have him sign copies of his books, including his new book *Swords into Plowshares*.



"I had such a great time at my birthday barbecue last weekend. Thanks to the Mises Institute for putting on a great event! Here I am just before the barbecue under my own "Liberty Tree" with two of my favorite voices for liberty, Lew Rockwell and Judge Andrew Napolitano."

— Ron Paul



BEAVIS AND BUTT-HEAD
TAKE OVER

SILICON VALLEY

PAUL CANTOR

With *Beavis and Butt-head* and *King of the Hill*, Mike Judge earned his place in pop culture history. His new HBO comedy *Silicon Valley* seems an unlikely follow-up to his earlier successes. The man who made a film called *Idiocracy* has been specializing in portraying really dumb people, or, at least in the case of propane salesman Hank Hill, really ordinary people. “It’s not exactly rocket science” pretty much sums up the lives of all Judge’s earlier characters.

So why has Judge now turned to computer science as his subject? His new show is set in the glamorous and sophisticated world of high tech, featuring a brilliant programmer who comes up with something called a “lossless compression algorithm.” The answer is that Judge wants to show that computer programmers and software moguls can be pretty dumb, too. The joy of *Silicon Valley* is watching these would-be high-flyers crash and burn in one self-created disaster after another.

Judge deals with a particular kind of stupidity in *Silicon Valley*, the stupidity of smart people, that is, people who are smart in one area and therefore foolishly think that they are

smart in all areas. The reason his characters keep getting in trouble is that they understand computer science, but they have no clue how to run a business. What makes *Silicon Valley* stand out among television shows is that it displays a sound grasp of what actually makes a business successful. Judge's show even dares to suggest that a "mere" businessman might be smarter than a computer whiz kid when it comes to running a software startup.

One of the main characters in the first season is a venture capitalist named Peter Gregory. Gregory comes across as a bit of a nutcase, eerily detached from everything happening around him. But the show understands that in business, as in art, the line between madness and genius is difficult to draw, and *Silicon Valley* ends up offering a classic example of what it is to be a true entrepreneur.

In the third episode, Gregory develops an obsession with the product line of Burger King; he zeroes in on the ubiquitous use of sesame seeds in the burger buns; he analyzes the global dynamics of sesame seed production; and, finally, spotting one crucial moment in its historical cycle, he sets himself up to make a killing in sesame seed futures. The developments I have put together in one sentence are scattered throughout the episode, creating a narrative jigsaw puzzle for viewers. Only at the end do all the pieces fall into place and we realize that we have been watching an entrepreneurial genius in action — someone capable of finding a pattern where no one else would even bother to look.

By contrast, the computer genius at the center of *Silicon Valley*, Richard Hendricks, is great on the details of digital coding, but he is utterly clueless when it comes to the business big picture. The story begins when Hendricks comes up with what he thinks is a brilliant new app, which will allow composers to search instantaneously all the music online to determine if they are violating someone's copyright. Unfortunately, everyone

to whom he shows the app thinks it will have a limited market. But they also notice — as Hendricks did not — that the innovation that makes his app capable of this instantaneous searching — the aforementioned "lossless compression algorithm" — has uses far beyond anything Hendricks imagined. The ability to compress sound, video, and other files with no loss of quality will revolutionize data transmission and retrieval, and should make the algorithm's inventor very wealthy.

Rather than Computer Science 10, *Silicon Valley* is Economics 101.

In pop culture, innovation is usually presented as a purely technological matter, not at all as an economic problem. Businessmen are typically depicted as obstacles to innovation, not the people who in fact make it possible. Pop culture celebrates the oddball inventor, the nerd who comes up with a new gadget, a gizmo that does something that has never been done before. But a gizmo is not yet a product. A genuine product requires a business team to make it succeed. For example, it requires capital to develop and produce it, and it also needs to be marketed properly. That is the lesson Hendricks must learn in *Silicon Valley* — and the audience learns it too. Rather than Computer Science 10, the show is Economics 101.

Hendricks begins with the programmer's pride in his

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PAUL CANTOR, CONTINUED mathematical know-how and contempt for the business end of *Silicon Valley*. In the first episode, he dismisses Apple's Steve Jobs as "a poser," points out that "he didn't write code," and belittles him because he only "knows how to package ideas." Within a few episodes, Hendricks is desperately wishing that he had a bit of Steve Jobs in him. Under pressure to preserve his venture capital funding, he is incapable of articulating a vision for his company in a business plan, and he has to rely on a glib partner to regale Gregory with marketing clichés and buzzwords like "The Cloud." In the second season, Hendricks has to link up with a rival company that has a weaker

compression algorithm but does have a marketing staff already in place to push a product that really works.

Silicon Valley does portray some businessmen as greedy, childishly competitive, pretentious, and vain. But on the whole it offers a refreshing alternative to the negative view of business generally found in American pop culture. Even while making fun of the follies in the world of start-ups and venture capitalism, it makes a point familiar in Austrian economics — that the true entrepreneur is a visionary and the chief motive force behind technological progress. ■■■

Paul A. Cantor is the author of *The Invisible Hand in Popular Culture: Liberty vs. Authority in American Film and TV*.

Events

October 3 — The Mises Circle in Fort Worth, Texas

November 7 — The Mises Circle in Phoenix, Arizona

January 30, 2016 — The Mises Circle in Houston, Texas

March 31 – April 2, 2016 — Austrian Economics Research Conference; Mises Institute

May 7, 2016 — The Mises Circle in Seattle, Washington

June 5 – 10, 2016 — Rothbard Graduate Seminar; Mises Institute

July 24 – 30, 2016 — Mises University; Mises Institute

October 1, 2016 — The Mises Circle in Boston, Massachusetts

Student scholarships available for all events. See mises.org/events for details.

A VISIT TO THE MISES INSTITUTE

BY PETER FRANCIS FENWICK



Peter Francis Fenwick is founder and chairman of Fenwick Software in Melbourne, Australia. He holds an MBA from Melbourne University, and is the author of *The Fragility of Freedom: Why Subsidiarity Matters*. His blogs appear on his website, www.peterfenwick.com.

Last April, Jill and I participated in an ASA Literary tour of the Southern States of the USA with twenty-four other Australians. The party was led by Susannah Fullerton who is famous for her work on Jane Austen.

We were introduced to many southern writers, saw the homes where they lived and the places and the cultures they had written about. There were writers we were familiar with such as John Berendt, Margaret Mitchell, F. Scott Fitzgerald, Tennessee Williams, Joel Chandler Harris, and Harper Lee; and others not so well known such as Flannery O'Connor, Eudora Welty, Richard Wright, Greg Isles, and William Faulkner.

The tour began in Savannah, Georgia and travelled through Alabama, Mississippi, and Louisiana ending up in New Orleans. Local people acted as guides and gave lectures throughout the tour. My two lasting impressions were of people who were hospitable and community-minded. They spend lots of voluntary time in and on their communities,

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PETER FRANCIS FENWICK,
CONTINUED

maintaining the fabric of their towns and promoting their heroes.

On 17th April, I took leave of the party and headed for Auburn, Alabama for a very special visit. Auburn is a small university town, population only 80,000 but with 30,000 at the university and a large football stadium. But it was not the state university or the football that took me there. Auburn is the home of the Mises Institute, a boutique private nonprofit educational institute, specializing in libertarian philosophy and Austrian economics. It is named after Ludwig von Mises, one of the towering intellects of the twentieth century.

I first read Ludwig von Mises's *Human Action* in 1964. For many years I would say he was the only economist I had ever read that made any sense. Subsequently there have been others, but my instincts were good. Here is Lew Rockwell, founder of the Mises Institute and current chairman, explaining what it is all about: "Austrians view economics as a tool for understanding how people both cooperate and compete in the process of meeting needs, allocating resources, and discovering ways of building a prosperous social order. Austrians view entrepreneurship as a critical force in economic development, private property as essential to an efficient use of resources, and government intervention in market process as always and everywhere destructive."

The Mises Institute offers fellowships, research grants, opportunities to publish in scholarly journals, academic conferences, and access to its extensive libraries to scholars from all around the world. Through its summer programs and graduate seminars it has helped thousands of students. For the general public, it offers numerous publications, seminars, online classes, videos, and a daily blog all free of charge. It publishes books by Austrian economists and runs a bookstore — the Mises Bookstore.

I was greeted by Kristy Holmes and shown around the wonderful facilities. There are lecture rooms and

extensive libraries — over 40,000 volumes, including Murray Rothbard's personal library. There are private study rooms for academics and PhD students. A most significant feature of the campus is the numerous discussion areas — many of them in the open — where students can debate among themselves and with their professors. In a very personal and intimate touch, there are busts of our heroes — Mises, of course, but also F.A. Hayek, Murray Rothbard, Henry Hazlitt and Leonard E. Read.

Joe Salerno and Mark Thornton took me to lunch where we discussed many matters of mutual interest but specifically I recall Mark making the observation that Nixon's "War on Drugs" had criminalized the drug industry and had led indirectly to an increase in homicide. Later I met the chairman, Lew Rockwell and the president, Jeff Deist.

What a day! What an experience! What an opportunity to build lasting friendships with such fine people and to see at first hand the wonderful work this privately funded organization is doing. ■■■



Robert Higgs

Caps His Long Career as a Freedom Fighter

The Mises Institute awarded Robert Higgs the Murray N. Rothbard Medal of Freedom during Mises University this year. Dr. Higgs, a Senior Fellow at the Mises Institute, and a distinguished scholar of economics and economic history, also continued his longtime role as a faculty member at Mises University this summer, working closely with students and lecturing on war, government regulation, and the welfare state.

Unfortunately for Mises Institute students, this may be Dr. Higgs's final year at Mises University; he is preparing to retire to Mexico.

Prior to his departure, however, Dr. Higgs generously donated his personal library of numerous books, unpublished writings, notes, and correspondence. Mises Institute scholars will be actively cataloguing, organizing, and archiving his papers for future use by scholars. The books and papers arrived at our Auburn campus on July 17.

After receiving the Medal of Freedom at Mises U, Dr. Higgs delivered a talk titled "War Is the Master Key of the State" which built on his influential research on war featured in *Crisis and Leviathan* and *Delusions of Power*.

Mises Institute Chairman Lew Rockwell presented the medal to Dr. Higgs and remarked:

Robert Higgs is not only a great economist and economic historian, and a teacher of the first rank, he is a voice for peace, and against that most characteristic of government crimes, the mass murder called war. No wonder Murray Rothbard thought the world of this extraordinary scholar. Indeed, I can't help but think that Murray might be looking down on us right now, and saying, "Attaboy, Bob!" Anyone with the honor to know Dr. Higgs must say the same.

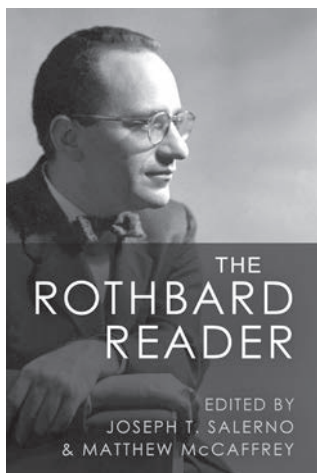


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