



The Austrian

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The World According to Trump: Anti-Globalist or Anti-Freedom?

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Ron Paul's Man
in the Electoral College:
A Conversation with Bill Greene



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From the publisher

Jeff Deist

If elections are supposed to bring the country together and settle political differences amicably, the presidential contest of 2016 was a colossal failure. Four months into Donald Trump's term finds the country as divided as ever, with both establishment conservatives and left-wing pundits wailing and gnashing their teeth as a bizarre new age of politics unfolds.

Neoconservatives like Bill Kristol and Richard Epstein openly call for Trump to resign, in hopes of ending the turmoil. Progressives at the *New York Times* offer opinion columns entitled "How Can We Get Rid of Trump?" Michael Moore tells us with all seriousness that Trump should be jailed. Nobody suggests simply waiting four years and voting Trump out, which presumably is still the most democratic means of ousting him.

But wait a minute. Didn't Mr. Trump just handily win an election a few months ago? Have we lost our faith in democracy so quickly? How did US politics, with its grade-school touchstone of sacred democracy, suddenly become so unhinged?

Marcia Christoff-Kurapovna has one answer in our cover story, and it doesn't involve a sudden change of heart on the part of Americans but rather a sudden revelation. For more than a century, elites and intellectual have pushed America toward what she terms a "statist superstructure," one that not coincidentally paves the way for US dominance of the world. Trans-national organizations like NATO, the UN, the IMF, and the World Bank play key roles, supplanting what de Tocqueville saw as the essence of American democracy: the grass-roots, independent, self-reliant township. America, he thought, was noblest at its smallest. De Tocqueville's America sought to be good, not mighty.

Today, however, the township has become a glorified political subdivision of the federal government. And the


federal government has become a globalist tool. Without a healthy sense of local self-determination, Christoff-Kurapovna posits, ordinary Americans have become repulsed by a technocratic elitism that both disdains and ignores Hometown USA. The result, even if it takes a century to bubble up, is a resentful backlash against our supposed superiors and their universalist agenda. Hence Trump: nationalism, anti-globalism, and trade protectionism are the natural and predictable reactions to a world where elites have failed us.

Trumpism is an uprising, to be sure. But whether it can overcome what the president calls "fake elites," and whether it can produce any small degree of liberty, remains to be seen.

Are you starting to wish Ron Paul had been on the ballot? If so, you'll enjoy the story of Bill Greene — a "faithless" member of the Electoral College from Texas. Mr. Greene, a political science professor who has attended Mises Institute events, pledged to uphold the US Constitution when he was sworn in as an elector. So when the College held its vote last December, Mr. Greene felt he had no choice but to vote for Dr. Paul.

As Professor Greene notes in his interview, the Institute and its online library of Austrian economics texts played a big role in his intellectual journey. If you haven't visited mises.org lately, you'll see some subtle but important changes. Our search function has been upgraded, making it easier to unlock the content contained in our vast library. Our new "FedWatch" media feed is providing Austrian and free-market perspectives on monetary policy to financial journalists. And both our website traffic and academy enrollments continue to grow.

Finally, we ask you to mark your calendars now for our gala 35th Anniversary event in New York City this fall. We're honoring the late Murray Rothbard, with can't-miss speakers like Hans-Hermann Hoppe, David Stockman, Tom Woods, and Walter Block. Plus we'll have lots of fun events in Manhattan and a fantastic setting at the New York Hilton Midtown. Find out more at mises.org/NYC.

As always, thank you for supporting the Mises Institute and furthering our important mission. 

Jeff Deist is president of the Mises Institute.

The World According to Trump: The Anti-Globalist Agenda

by Marcia Christoff-Kurapovna



When Alexis de Tocqueville set forth his observations on American democracy, he began his story with a description of township government. “It is man,” he said “who makes monarchies and establishes republics, but the township seems to come directly from the hand of God.” The oft-revered, sometimes maligned Frenchman’s instincts were sound on this point: American political institutions were harvested from the ground up, from local communities; all of American life, religious institutions, and social institutions were organized on a regional and — if one must use this unappealing term — *populist* basis. This made for a political culture that may not have appealed to the social prejudices of foreign observers more used to the corrupt glamour of heavily centralized states. Thomas Carlyle, dyspeptic giant he was, criticized American democracy for having produced as its chief product “millions of the worst bores” he had ever met.

But the diverse American patchwork of regional, localized, and populist traditions cemented in place the blueprint of what would emerge as the uncanny nature of the American republic, one unlike history had ever seen: the parochial at the foundation of the imperial; the isolated town hall as the basis of the world's mightiest and most far-flung state. In short, the industrious and free experimental country that was, in effect, pre-programmed to be "globalist" in scope and scale was by nature a country viscerally repulsed by the idea of the statist superstructure.

It is thus that the appeal of Donald Trump, in his graceless way, has tapped into this core of the American character. His electoral victory represents not so much a movement as it does a revival; a reawakening of the energetic ideal of local power, regional power, sovereign power against ghoulish One-World omnipotence.

What Is Globalism?

To analyze what this "globalist" phenomenon is that Trump has made the centerpiece of his wrath, one must first define globalism as a phenomenon. In general, globalism stands for the stateless State; for centralized power without a center — without a pivotal figure of responsibility or moral authority — made up of floating and interchangeable parts everywhere and nowhere at once. It is a network of central banks, international political and monetary institutions like the United Nations, the IMF, the World Bank; of academic conformity, media conformity and cultural conformity spread thick and impenetrable.

Trump's stance is therefore nothing short of revolutionary. While he wobbles on many of his most outspoken policy positions — whether NATO, Israel, or Russia — there are three positions the new president announced that, somewhat ironically, are the most significant to his anti-global agenda and yet which have received the least attention in the media. The first was his statement shortly after the election that the United States would no longer engage in "reckless interventionism." The second was his repeated skepticism of the Federal Reserve and his being one of the few political leaders to speak out against the dangers of a "bubble" economy. Third, and most importantly, is his remark that the nation-state

must return as a force in world affairs — a statement no less a philosophical than a political manifesto. Where these ideas have most caught on is where they are needed most: in Europe, where the mood is changing as a result of Trump's and where his anti-globalist message has hit the hardest and will have the most lasting impact.

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Trumpism in Europe

"Fake elites create their own realities" — so said the billionaire businessman turned politician with a heartfelt streak of the populist and an occasional motor-mouth to get him into hot water. He transformed an entire political landscape while campaigning for the rights of the domestic worker versus global labor, against the EU, against international interventionism and for strongly vetted immigration as part of a maverick agenda to shake up and stay aloof of the post-war international system.

Yet this is not Trump, but rather his wealthier Swiss counterpart — Christoph Blocher —who anticipated the new American president by more than a decade. Blocher, who is now vice president of the Swiss People's Party (SVP) and its former head through 2007, rose, Tillerson-like, from lowly student trainee to CEO of the Swiss plastics maker EMS Chemie. He is the best example of the anti-globalist,

CONTINUED ON NEXT PAGE

MARCIA CHRISTOFF KURAPOVNA, CONTINUED Trump spirit that is also spreading throughout Europe.

“People feel powerless against those who rule them, and for them, Trump is a release valve,” Blocher said in an interview after the November elections in the US. “The unexpected result ... should give pause to those who are in power around the world.”

This coming year, the Netherlands, France, and Germany — and possibly Italy — will hold elections in which debate is likely to be driven by populist parties over issues including immigration. In Switzerland, Blocher has presided over certain campaigns that invited EU wrath for their severity. These included the 2009 Swiss referendum against building of minarets on mosques, which captured 57.5 percent of the national vote; the initiative to expel foreign criminals, garnering 52.3 percent, and the Stop Mass Immigration Initiative, which passed at 50.3 percent.

Blocher is one among many anti-globalist Europeans who have taken the stage in the past several years, a spotlight that is joined by the likes of Marie Le Pen of France, Geert Wilders of the Netherlands, the rise of the ‘Alternative for Germany’ party; Viktor Orban of Hungary, not to mention the Brexit vote itself. Essentially, the EU experiment is over because it was never wished for in the first place and Trump is a kind of transatlantic spiritual horseman to hasten in the apocalypse.

It has been a long time coming: just over a decade ago, the French voted down the European Constitution Treaty, which was supposed to replace existing EU treaties and institute key changes such as the appointment of an EU foreign minister. This was followed by an even stronger “No” in the Netherlands three days later. These “No” votes succeeded where the Danish 1992 “No” to the Maastricht Treaty and the Irish 2000 “No” to the Treaty of Nice had failed, forcing EU leaders to come up with a new reform treaty, the Lisbon Treaty.

Europe never learned from those lessons, but Trump did: the Brexit referendum of last July emphasized a key reality of twenty-first-century politics, that the divide is not so much Left versus Right but one of globalists versus localists.

On the one hand are the global financial authorities, the EU, the banks and big business and many pro free-trade economists; on the other a strange combination of radical leftists opposed to austerity and ‘neoliberalism’ (however defined), as well as nationalists and conservatives. The difference these days is that the former also go in for utopian ideals, whether it’s the euro or immigration, because they ignore the social implications of trendy group-think and think only in terms of economics not history.

Part of the problem is that Europhiles often confuse the EU with the original post-war European project, which was based on the concepts of peace, harmony, and social justice. In the wake of World War II and the Holocaust, the European project set out to build a united continent. On the eve of the euro launch in January 1999, Germany’s finance minister Oskar Lafontaine poetically spoke of “the vision of a united Europe, to be reached through the gradual convergence of living standards, the deepening of democracy, and the flowering of a truly European culture.”

Instead, Europe has been transported light years from this utopian vision. After several years of austerity, the Eurozone crisis has escalated into a social catastrophe. The cost has been borne out in terms of jobs, wages, economic growth, and blighted lives. Currently, there are almost 21 million unemployed people in the EU. For its part, the Maastricht criteria were intended to facilitate the convergence toward the euro and, beyond this, to ever closer union among members. In order to qualify for the euro currency, both Greece and Italy turned to the likes of Goldman Sachs, JP Morgan, and other banks. The banks advised them to mask debts using derivatives. The rest, as they say, is history.

The End of an Era?

As the London *Spectator* recently observed, Trump’s attitude to Europe is nothing short of revolutionary. With a few words in Trump Tower, he seems to have torn up decades of US State Department policy. “People want their own identity,” he says, “so if you ask me, others, I believe others will leave.” He believes, as has been mentioned, in nation-states, and he does not see the EU as

representative of the continent. In fact, he says, it is “basically a vehicle for Germany.”

It’s hard to overstate the effect of these words on the EU. The whole project of the European Union was always nurtured with American backing: since the Marshall Plan, US policy has been to consolidate Europe’s strength. America used trade and NATO to make the continent a bulwark against the East. Often, this meant putting off or sacrificing America’s short-term economic gains in the interests of security and world peace.

Trump has no time for that. He believes that the world has changed, and he wants better deals for America now, and Europe — a real set of allies — is paying attention. ■■■

Marcia Christoff-Kurapovna contributed feature pieces and op-eds on Swiss and Liechtenstein banking issues for *The Wall Street Journal Europe* while based in Vienna, Austria; she also authored a column, “Swiss Watch.” She currently lives in Washington, DC, where she is a speech and op-ed writer to foreign dignitaries.



35 YEARS

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To reserve a room at the Hilton Midtown, call 212.586.7000 before September 5, 2017, and mention the Mises Institute for a special rate of \$279 per night, plus tax.

Join us in New York City to celebrate the Institute’s 35th anniversary, and honor the life and works of Murray N. Rothbard. On October 6 – 7, 2017, the Mises Institute will gather at the New York Hilton Midtown to celebrate our 35th anniversary, discuss our legacy, and look to a bright future.

Join Hans-Hermann Hoppe, Judge Andrew P. Napolitano, David Stockman, Lew Rockwell, Guido Hülsmann, Tom Woods, Jeff Deist, Walter Block, Joe Salerno, Peter Klein, Tom DiLorenzo, David Gordon, Bob Murphy, Mark Thornton, Doug French, and others.

The registration fee of \$595 per person (\$895 per couple) includes Friday late-afternoon sessions and reception, Saturday sessions and lunch, Saturday black-tie-optional reception and closing dinner, and Late-Night Rothbard Reception. There will also be a Friday late-morning tour of Murray’s Manhattan.

Student scholarships are available at mises.org/NYC.

35th Anniversary Celebration

RON PAUL'S "FAITHLESS" ELECTOR

A CONVERSATION WITH **BILL GREENE**



Bill Greene is assistant professor of political science at South Texas College in Weslaco, Texas. Dr. Greene made headlines in 2016 when, as a member of the Electoral College from Texas, he cast his vote for Ron Paul. He recently spoke with us about his vote and his work with Ron Paul and the Mises Institute.

THE AUSTRIAN: Ron Paul has noted that he first met you in 1988, so it seems you have a long-term interest in freedom and free markets.

BILL GREENE: I definitely do. It's been at the center of my political activities since I was in college. I've always been a bit rebellious against the "establishment" wherever I was, and in graduate school I formed a campus libertarian student group at UNC-Greensboro and became active in the Libertarian Party. All of my papers were written from a classical liberal perspective, which many of my professors weren't too happy about. In 1988, our student group worked with another campus organization, the non-partisan Political Awareness Club, to host a speech by the LP's presidential nominee, former Rep. Ron Paul. His campaign's "advance man" stayed at my apartment (as did the VP nominee, Andre Marrou, a few months later), and not only did Dr. Paul deliver a great speech to a packed audience, I was also able to set him up with other talks around the area to various local civic groups. (Dr. Paul remembers our meeting at that time, because he had so much fun shooting down the "questions" thrown at him from students who belonged to the local Socialist Workers' Party.)

That's when I became such a fan of his — he made nothing but sense, and he was consistent in his market-based policy prescriptions in every area. All these years later, he still gives the same basic policy prescriptions — and he's still right. After that election, I followed Dr. Paul back into the GOP, joined the Republican Liberty Caucus, and became active in the party for over 25 years; I was elected to party positions from precinct chair to state executive committee member, and (unsuccessfully) ran for office myself. All of that gave me "creds" when I successfully ran for elector in 2016.

TA: In the wake of your vote in the Electoral College, some sites circulated a photo of you at the Mises Institute. What work have you done with the Mises Institute, and how did you become interested in the Institute's work?

BG: The Mises Institute has provided me, and countless others (including Dr. Paul, through whom I discovered the Institute), with the intellectual ammunition needed to not only fight back against ever-encroaching statism in government and economics, but to be proactive in providing the free-market solutions that are so desperately needed in our country, and the world, today. So, when I helped the late Rep. Bobby Franklin (in the Georgia House of Representatives) to write the first modern Constitutional Tender bill in 2009 — a bill designed to bring states back into compliance with the constitutional provisions of Article I, Section 10, requiring them to *only* use gold and silver coins in *all* financial transactions — I realized that if enough states implemented similar bills, we could actually “nullify” the Federal Reserve Act itself. In other words, instead of focusing exclusively on “top-down” efforts to end the Fed at the federal level, this “bottom-up” process could accomplish the same result and rid this nation, and the world, of this horrible economic and monetary cancer that is destroying the value of our money.

So, I wrote an academic paper on it, and the Mises Institute was gracious enough to invite me to present it at what is now called the Austrian Economics Research Conference — twice, in fact. The first time was in 2010; the second in 2014. The paper is available for download online as model legislation for any state to adopt and adapt. I am currently writing a book on this approach, tentatively entitled *Nullify The Fed*. I hope to get Dr. Paul to write an introduction for it — maybe my Electoral College vote for him will help!

TA: Why did you become interested in the Electoral College and how did you end up as a voting member?

BG: Interestingly, the Electoral College first caught my attention when I worked in support of Ron Paul's 1988 campaign for president. We couldn't even get him on the ballot in North Carolina, except as an “official” write-in candidate, but I realized that any actual electors who liked what he had to say could still vote for him (or anyone else they liked), whether he was on the ballot or not. I sort of “tucked that away” in a mental filing cabinet for all these years. Once I got into academia, this was one of the areas that I actually taught about every semester, so I learned more and more about it. I had been friends with Roger MacBride in the 1990s, and he had regaled me with stories about when

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BILL GREENE, CONTINUED

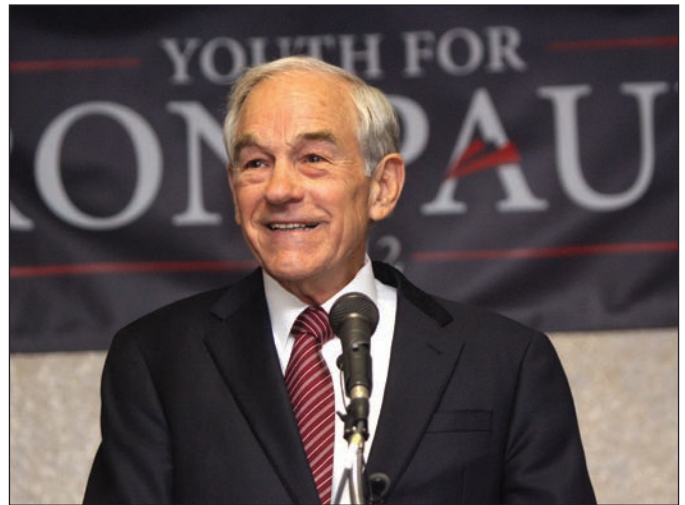
he was a “faithless elector” in 1972, voting for LP nominee John Hospers instead of Richard Nixon (I still have MacBride’s excellent book on the Electoral College).

Knowing that it’s electors, not the general election voters, who actually get to vote for president and vice president, I decided to look into the process for how potential electors are nominated by parties in my state of Texas. Here, the process is similar to picking delegates to the national nominating convention (in fact, the selection takes place at the same time as selecting delegates). Since I’d already been a national convention delegate (I’ve been to four), and since the real “contest” at these congressional district caucus meetings is over delegate slots, it was a time-consuming, but fairly simple, process to run and be selected as a GOP elector nominee instead (I did have to defeat another candidate, a county party chair, who most of the “party people” in charge were supporting). After what the establishment “leaders” of the Republican Party did to Ron Paul and his supporters in 2008 and, especially, 2012, I didn’t feel at all beholden to voting for the GOP nominee once I was elected on November 8th. (Of course, if the GOP nominee had been as good a choice as Ron Paul, I would have voted for the nominee.)

As a side note, when the congressional district caucus selected me for elector, I had to sign a “pledge” to vote for the eventual Republican Party nominees. Once the presidential nominee had been chosen, however, I started considering my other options, knowing that the duty of electors is to cast their votes for whomever they believe to be the best choice for president in the entire country. When I was sworn in to my office as an elector in December, I had to take an actual *oath* to uphold the US Constitution — an oath which superseded my “pledge” from months earlier. And the first person I thought of to vote for was the Defender of the Constitution himself: Ron Paul.

TA: Apparently, this year was a particularly contentious year for the Electoral College and presidential elections. As a political science professor, do you think the Electoral College still has a future?

BG: To answer that question, I’m reminded of the question Benjamin Franklin was asked after the Constitutional Convention had finished its business of crafting our new Constitution. A lady came up to him and asked, “Dr. Franklin, what have you given us?” His answer included a warning: “A Republic, madam — if you can keep it.” So, the answer to the question of whether the



Electoral College has a future (or will we instead turn to a “democratic” direct popular election) is, “It does — if we can keep it, and keep our Republic.” The Electoral College is, in my opinion, one of the few remaining vestiges of our federal system of government, where the states were supposed to keep the vast majority of political power, with only a few clearly-defined expressed powers being delegated to the national government.

Our president is elected by the states, not by the people themselves — we elect electors to vote on our behalf, just as we elect representatives to Congress to vote on our behalf. We don’t force them to vote exactly the way we want them to vote, but we can make sure they don’t return to office in the next election if we don’t like the way they vote for us. In the same way, electors are to be chosen by the people (through direct election, since the 1800s) from among their fellow citizens — people who are, according to *Federalist #68*, “most capable of analyzing the qualities adapted to the station, and acting under circumstances favorable to deliberation, and to a judicious combination of all the reasons and inducements which were proper to govern their choice.”

If the people don’t like how the electors they chose cast their votes, they can choose someone else next election (or use better discernment in who they select for the Electoral College itself). What they should *not* do — and which would be unconstitutional in and of itself — is attempt to legally *bind* Electors to voting for their political party’s nominees (which over half the states now do, but which has never been adjudicated by the Supreme Court). This “binding” of electors is no more constitutional than “binding” representatives in the House would be; in addition, if you’re going to “bind” an entire bloc of electors in each

state to vote a certain way, then why have an Electoral College at all? Republicans who are calling for the “binding” of electors in each State are, in reality, agreeing with Democrats who want to get rid of the Electoral College altogether. Of course, I’m no longer surprised when Republicans agree with Democrats on getting rid of, or altogether ignoring, constitutional provisions that protect our life, liberty, and property, as well as the very existence of our republican (little “r”) form of government; but I will staunchly oppose such efforts with every fiber of my being.

TA: For you personally, what has been the effect of going your own way in the Electoral College? Has this ensured you won’t be back? Have you received support in your decision?

BG: To be honest, I never intended to be an elector more than once, so this was sort of a “last hurrah” for me. Personally, I don’t believe any person should do so repeatedly; it’s a huge honor and privilege to be a participant in our constitutional method of selecting our chief executive, and the opportunity should be afforded to new people every year. I am disheartened when I see some political party members return year after year as electors, just because they are “reliable” establishment hacks, party bigwigs, large-dollar donors, elected officials, or long-time activists. Capable citizens, who understand what the Electoral College is, why it was instituted, and what the founders’ intent for it was, should be selected — and there are good numbers of them available. If all we

are supposed to be is “yes men” (and women), then we’re no better than a Politburo in the old Soviet Union.

On a personal level, while I have received a limited amount of “blowback” from a few of the more “gung-ho” members of our party, I have received FAR more positive feedback in support of my vote for Dr. Paul, from the local level up to nationwide. As I told one reporter, “I’ve got free beer wherever I go for the rest of my life.” Liberty is popular, and people who love freedom (and free markets) are a fabulously loyal bunch of diehards. I believe that I “have chosen wisely,” as the “Grail Knight” intoned to Indiana Jones. My desire is that my vote will inspire many others to stand strong for liberty, and renew hope for countless thousands who had seen those hopes dashed in 2008 and 2012. If it has that effect, then I have great optimism for our long-term future. ■■■



Events

April 8 — Mises Institute in Lake Jackson, Texas

May 20 — Mises Institute in Seattle, Washington

June 4–9 — Rothbard Graduate Seminar; Mises Institute

July 23–29 — Mises University; Mises Institute

August 31 — Mises Institute in Orlando, Florida

October 6–7 — Mises Institute 35th Anniversary Celebration; New York City

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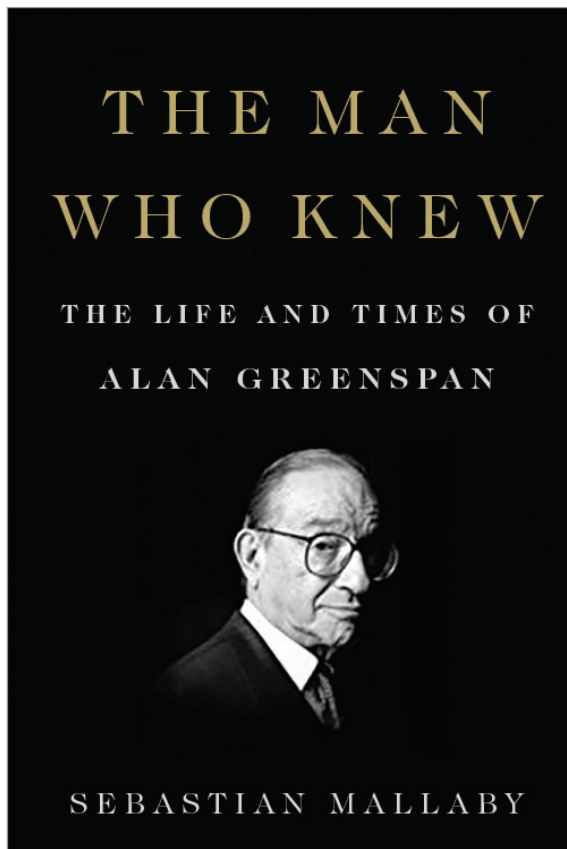
ALAN GREENSPAN, SELLOUT DAVID GORDON REVIEWS

The Man Who Knew: The Life and Times
of Alan Greenspan

Sebastian Mallaby

Penguin Press, 2016

xv + 781 pages



Sebastian Mallaby is the Paul A. Volcker Senior Fellow for International Economic Relations at the Council on Foreign Relations. One can be sure, then, that this comprehensive book reflects an Establishment point of view. As if this were not enough to tell us where the book is coming from, Mallaby informs us that he had Greenspan's full cooperation in writing it. "This book is based on almost unlimited access to Alan Greenspan, his papers, and his colleagues and friends, all of whom were generous in their collaboration.

Though the book is hardly a panegyric to Greenspan, Mallaby views his subject with considerable favor. Nevertheless, the book contains ample material for a more severe verdict: Greenspan abandoned the free market convictions he effectively defended early in his career as an economist. To uphold economic truth was not the path to the power and influence Greenspan sought; and he readily adjusted his beliefs to fit with his ambitions.

Greenspan attached himself to Ayn Rand's inner band of disciples; but his adherence to free-market economics did not stem from his alliance with Objectivism. Greenspan learned economic theory from Arthur Burns at Columbia University. For Greenspan, like his

mentor Burns, statistics had primary importance: economic theory emerged from discerning patterns in the data and was strictly subordinate to its empirical sources. “Burns was the chief heir to Wesley Mitchell’s empiricist tradition, and his influence restrained any enthusiasm that Greenspan might have felt for the new trends that had begun to stir in economics. ... Even the cleverest econometric calculation was limited because yesterday’s statistical relationships might break down tomorrow; by contrast, finer measures of what the economy is doing are more than just estimates — they are facts.”

From his studies of the data, Greenspan arrived at an important conclusion. Financial markets played a crucial role in the genesis of the business cycle: “Squarely confronting the notion that financial markets are merely a casino of meaningless side bets, he laid out an insight for which Nobel laureate James Tobin would later capture the credit. Stock prices drive corporate investments in fixed assets. ... In turn, these investments drive many of the booms and busts in a capitalist economy.”

Greenspan applied his insight to Fed policy in a way that resembles the Austrian theory of the business cycle. During the 1920s, “the Fed’s key error was to underestimate its own contribution to the stock bubble. The rise in the market had set off a rise in investment and consumer spending, which in turn had boosted profits and stoked animal spirits, triggering a further rise in the stock market. The 1920s Fed had been the enabler of this feedback loop — in order for investment and consumer spending to take off, companies and consumers needed access to credit. Faced with a jump in the appetite to borrow, the Fed had [wrongly] decided ‘to meet the legitimate demands of business,’ as Greenspan put it.”

Greenspan drew from his analysis “a radical position: the United States should return to the gold standard of the nineteenth century. By tying money and credit to a fixed supply of gold, the nation could prevent toxic surges in purchasing power.” ... “The pre-World War I gold standard prevented speculative ‘flights from reality’ — with their disastrous consequences,” Greenspan insisted.”

Nor was this the only area where Greenspan adopted a radically free-market stance. Defying the mainstream, “Greenspan followed up with an attack on government efforts to rein in monopolies with antitrust laws. ... He

pointed out that it was not just corporate managers who would want to challenge monopolists; the financial system would demand that they do so. If a monopoly extracted fat rents from its customers, its share prices would soar; that would give entrepreneurs an incentive to create rivals to the monopoly, and it would give financiers an incentive to ply those rivals with abundant capital.” Mallaby views this “crude” view with evident

What then became of
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distaste, noting that both Friedrich Hayek and Milton Friedman adopted a more “nuanced” position.

What then became of this free-market radical? Unfortunately, his desire for “power and pelf,” in Murray Rothbard’s phrase, led him to alter his views. A firm commitment to freedom would never gain him entry to the inner sanctum of government, and Greenspan soon learned to temper his views.

In his radical days, Greenspan had opposed government bailouts to failing firms: the discipline of failure was essential to the operation of the free market. In 1971, he defied his teacher Arthur Burns, who favored bailing out Lockheed. “Testifying

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DAVID GORDON, CONTINUED before the Senate, Greenspan refused to back his mentor. ‘I am in fundamental disagreement with this type of loan guarantee,’ he began. Government-directed lending ‘must inevitably lead to subsidization of the least efficient firms,’ damaging productivity and therefore living standards. ... What the economy really needed was for weak companies to go bust, so that capital and workers would move to better-run establishments.”

Cartoosh's View



Once close to the levers of power, matters were different. He wished to become Paul Volcker's successor as Fed chairman, and he knew that firm opposition to Fed policy would hurt his chances for the job. Going against his earlier analysis, he supported the "largest bank bailout in U.S. history," the rescue in 1984 of the Continental Illinois National Bank. He admitted the dangers of the bailout, but it was, as Mallaby summarizes his position, "necessary and appalling." Appalling, one suspects, because of its effects on the free market; but necessary to advance Greenspan's career. By the time he became Fed Chairman, the transformation was complete. By 1989, his "libertarian rejection of bailouts was long gone; what he wanted above all was the space to fight inflation."

Greenspan wanted to fight inflation; but the best way to do it was no longer acceptable. A gold standard,

he had long ago recognized, would bring with it monetary stability; but to replace the Fed with a commodity standard not subject to control by the government would erode his power. Accordingly the gold standard had to go.

He cast aside the gold standard with a transparent sophism: "A necessary condition of returning to a gold standard is the financial environment which the gold standard itself is presumed to create. ... But, if we restore financial stability, what purpose is then served by a return to a gold standard?" (quoting Greenspan). Why a gold standard cannot help create a stable financial environment, but instead presupposes it, Greenspan left unclear. Even less clear was how the Fed was supposed to preserve stability in the absence of the gold standard. Evidently we were to rely on his supreme powers of judgment in steering the economy.

Greenspan in his long career as Fed chairman gained the power and acclaim he coveted; but the crash of 2008, two years after the end of his tenure in office, led to a sharp decline in his reputation.

In their attitude toward compromise, Greenspan is the polar opposite to Murray Rothbard. Rothbard could have tailored his views to win the favor of Arthur Burns, who was a family friend, but he refused to do so. He never abandoned his principles, and he took the measure of Greenspan. Writing about him in 1987, Rothbard observed: "Greenspan's real qualification is that he can be trusted never to rock the establishment's boat. He has long positioned himself in the very middle of the economic spectrum. He is, like most other long-time Republican economists, a conservative Keynesian, which in these days is almost indistinguishable from the liberal Keynesians in the Democratic camp."

In looking over Greenspan's fall from free-market grace, the melancholy first lines of Browning's *The Lost Leader*, addressed to Wordsworth, come to mind: "Just for a handful of silver he left us,/Just for a ribbon to stick in his coat. ..." ■■■

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

Scholar and Alumni News

Recent news from our supporters, alumni, and scholars

Senior Fellow **TOM WOODS** released a free eBook titled *Sane Space: Libertarian Dispatches from Bizarro America*. His collection of free libertarian eBooks is available at TomsFreeBooks.com.



JÖRG GUIDO HÜLSMANN

In February, Senior Fellow **JÖRG GUIDO HÜLSMANN** lectured on “The Future of Money” at the University of Navarra in Spain, and he lectured on “The Cultural Consequences of Fiat Money” at the ISM University in Vilnius, Lithuania.

Associated Scholar **PAUL CWIK** is now the BB&T Professor of Economics and Finance at the University of Mount Olive, and the academic director of the MBA program.

Associated Scholar **LAURENCE VANCE** has published a new book titled *Gun Control and the Second Amendment*.



G.P. MANISH

Associated Scholar **ALLEN MENDENHALL** was featured on the BBC speaking on the Supreme Court and the US judiciary under Donald Trump.

Associated Scholar **HARRY VERYSER** hosted several Austrian economists as part of University of Detroit Mercy’s Symposium Series in February. At the event, he lectured on “The New Silk Road.”

Mises University Instructor and alumnus **G.P. MANISH** has been promoted to associate professor of economics at Troy University.



PASCAL SALIN

Associated Scholars **DAVID HOWDEN** and **PHILIPP BAGUS** (with Eva María Carrasco Bañuelos, Amadeus Gabriel) published “Mises and Montaigne: A Comment,” in *History of Political Economy*.

Senior Fellow **PASCAL SALIN** published the new book *The International Monetary System and the Theory of Monetary Systems*, now available from Edward Elgar Publishing.

Mises president **JEFF DEIST** and Mises Wire editor **RYAN MCMAKEN** were guests on the *Stossel Show* on the Fox Business Network. Deist was featured speaking on the topic of crony capitalism and McMaken was featured speaking on socialism in Venezuela.

In December, Mises Institute Ambassador **THOMAS NICHTA** authored a new article in *American Thinker* on the corporate income tax.

ROBERT LUDDY, a longtime friend and Mises Institute Board Member, continues to expand Thales Academy, a network of private schools priced at a level “middle class families can afford.” Five new locations are planned in North Carolina between 2018 – 2020.



ROBERT LUDDY



Students from around the world gathered in Washington, DC, in February for the 10th annual International Students for Liberty Conference.

This ISFLC was a special one for the Mises Institute, as it was the first conference with former Mises Fellow **Wolf von Laer** as the organization's president. During his opening speech, Wolf spoke of the ideas of liberty



Top left: Forist Johnston (Mises Institute) with Thaiz Batista of Mises Brasil.

Above: Wolf von Laer, former Mises Fellow and president of International Students for Liberty.

Left: RGS alum Ash Navabi, with Mises Fellow Tate Fegley, and Mises University alums Lea Johnson and Brittany Bills.



From left: Mises Fellow Louis Rouanet with T.J. Roberts; and Eva Gundelach of Australia, a fan of the Mises Institute.

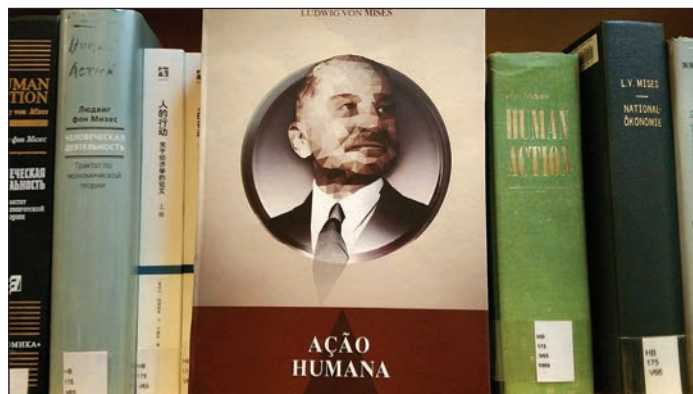
being “powerful, humble and optimistic.” In a time where socialist politicians have never been more popular on American campuses, he went on to note “We know socialism doesn’t work, because we’ve read Mises and Hayek.”

During the second night of the conference, the Mises Institute hosted a reception promoting our student programs, including Mises University, Rothbard Graduate Seminar, and the Mises Fellowship program. Conference guests mingled with alumni from these various programs, including former Fellows **Louis Rouanet**, **Tate Fegley**, and **Wolf von Laer**. **Ed Stringham**, a Mises Associated Scholar (and Mises University

alum), was a featured speaker at the event, explaining how even matters like contract enforcement are better left to the private sector than government.

The conference also highlighted the exciting growth of Austrian economics around the world. The entire group of students from South Korea were proud to describe themselves as Rothbardians, and proudly showed off pictures of Korean translations of books such as *The Ethics of Liberty*, and *What Has Government Done to Our Money?* Our friends at Mises Brasil also presented the Mises Institute with a Portuguese translation of *Human Action*, which now resides in the Mises Institute’s Massey Library. ■■■

From left: Drew Owens (Mises Institute) speaking with ISFLC attendees; Joseph Bautista, president of Students for Liberty Philippines; and the Portuguese translation of *Human Action*, a gift from Mises Brasil.



WHAT THE wage equality crusaders DON'T UNDERSTAND



BY BRITTANY HUNTER

Women in the workforce are constantly bombarded by rhetoric intended to make us feel less appreciated than our male colleagues. Politicians and Hollywood celebrities — many of whom have never worked one day in a traditional office setting — seem to take great pleasure in telling females that we are victims of the alleged gender wage gap.

Asserting that today's working women make only 78 cents for every dollar earned by a man, high profile personalities from comedian Sarah Silverman to former President Barack Obama have perpetuated this myth and used it to further their own agenda: more government control over wages.

Unfortunately for these wage crusaders, when the data is examined more closely what we find is not necessarily a wage gap, but what could more accurately be described as a "preference" gap that exists because of personal choice rather than gender.

True, if we were to add up the salaries of every working man in the country, and then we compared that average to the average of the combined salaries of all working women, there would most certainly be a wage gap present. However, this statistic doesn't tell the whole story.

The gender wage gap neglects to account for any other contributing factors aside from gender and wage earnings. It does not take into consideration, for example, that each individual, regardless of gender, is driven by a unique set of incentives. Instead, it assumes that wages are the end-all, be-all for every single American worker.



Human behavior is not a predictable science. We can never know for certain what drives another person to make their decisions, but the decisions themselves may tell us what a person values most.

Dedicating her career to understanding the gender wage gap, economist Claudia Goldin discovered that in the early years of career development there was virtually no wage gap between men and women working in the same field. In fact, when she compared male and female colleagues with almost identical resumes and intellect, a wage gap of less than one percent existed between them.

However, as time went on this gap did eventually widen as some of these working women began making the decision to marry and have children. Once these women decided to take on more caregiving responsibilities, flexibility began to outweigh the opportunity to earn higher wages. In other words, their priorities shifted.

Instead of seeking a promotion, which often means more responsibility and more time spent in the office, many females with caretaking responsibilities have instead chosen to accept lower pay in exchange for the benefit of spending more time outside the office.

A woman's decision to accept lower wages in exchange for added flexibility does not mean her employer has assigned less value to her work due to her gender. Instead, it shows that for many female employees, flexibility is worth more than having a higher salary and more office responsibilities. It is a manifestation of choice and human action.

When the 2014 Sony leaks revealed that Hollywood actress Jennifer Lawrence had made less money than her male costars in the film *American Hustle*, Hollywood was outraged and demanded that government help bridge the gender wage gap.

Actress Robin Wright took a different approach to this issue by taking matters into her own hands. When it came time to negotiate her salary for the next season of *House of Cards*, Wright went into her contract meeting prepared to demonstrate her worth. Armed with data showing her character's rising popularity among viewers, she demanded to be paid as much as her male costar, Kevin Spacey. Once she presented her case, her demands were met and she was compensated accordingly.

For Wright, putting up a fight was well worth potentially dragging out the negotiations process if it meant receiving higher wages. However, not all actresses value higher earnings over the burdensome struggle of salary negotiations.

When asked how she felt about being paid less than her male costars, Lawrence admitted that the pay discrepancy was largely a result of her own unwillingness to negotiate a higher salary. Already making millions from two successful film franchises, Lawrence had no desire to drag out negotiations when she didn't really need or want the extra money. In short, she valued convenience over higher earnings and chose to end the negotiation process early.

The gender wage gap theory relies on a statistic that attempts to draw a very narrow conclusion from a very broad set of data. As individuals, we are each fueled by unique value systems which help us make thousands of decisions on a daily basis. To reduce each individual decision down to a person's gender is not only insulting, it also completely neglects the importance of human action. ■■■

Brittany Hunter is a Mises University alumna, a Washington, DC based writer, and is active in several organizations working for freedom and free markets.



The Austrian

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