

The Austrian

A PUBLICATION OF THE MISES INSTITUTE



HANS-HERMANN HOPPE
An Austro-Libertarian Reconstruction of Human Development
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from the publisher

Jeff Deist

“Democracy always seems bent upon killing the thing it theoretically loves. I have rehearsed some of its operations against liberty, the very cornerstone of its political metaphysic. It not only wars upon the thing itself; it even wars upon mere academic advocacy of it.”

H.L. Mencken, *Notes on Democracy*, 1926

If Mencken was the great slayer of the democracy myth in the first half of the twentieth century, surely Dr. Hans-Hermann Hoppe wears that mantle today.

His seminal book, *Democracy: The God That Failed*, makes a devastating case against democratic mechanisms as the source of just or benevolent rules for society. Democracy, Hoppe argues, is fundamentally incompatible with liberty. Its end result is the inexorable growth of centralized states, with all of their collateral damage: ruinous taxation, monetary debasement, and collectivized warmaking. *Democracy* was Hoppe's refutation of the tragically misguided belief that twentieth-century democratic states represented the advancement of human liberty.

Now Hoppe returns with an ambitious new book that reconstructs three distinct but deeply inter-related events in human history: the origins of private property and the rise of family structures in agrarian times; the conditions giving rise to the Industrial Revolution; and the parallel development of the state as the arbiter of human affairs.

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Cover image: Celsus Library, Ephesus (Updog Designs © iStockphoto.com)



A Short History of Man: Progress and Decline represents nothing less than a sweeping revisionist history of mankind, in an incredibly concise and readable volume of only 142 pages! Dr. Hoppe skillfully weaves history, sociology, ethics, and Misesian praxeology to present the reader with an alternative — and highly challenging — view of human economic development over the ages.

As always, Dr. Hoppe addresses the fundamental questions as only he can. How do family and social bonds develop? Why is the concept of private property so vitally important to human flourishing? What made the leap from a Malthusian subsistence society to an industrial society possible? How did we devolve from aristocracy to monarchy to social democratic welfare states? And how did modern central governments become the all-powerful rulers over nearly every aspect of our lives?

Dr. Hoppe examines and answers all of these often thorny questions without resorting to platitudes or bowdlerized history. This is Hoppe at his best: calmly and methodically skewing sacred cows.

His introduction to *A Short History of Man* is presented as our feature article.

Also in this issue, Senior Fellow David Gordon reviews the essays in our recently published volume *The Next Generation of Austrian Economics*. *The Next Generation* is a compendium of essays honoring our Academic Vice President, Dr. Joe Salerno. Written by his former students, it's both a tribute to a man who influenced many young economists and a survey of his important

work in monetary theory and policy. Joe is a stalwart of the modern “5th generation” Austrian school, and it's fitting to see him heralded as godfather to a whole new generation.

Our editor Ryan McMaken reviews the movie *Kingsman: The Secret Service*, currently among the top box-office hits in US theaters. He finds it an amusing send-up of the Bond and Bourne spy genre, complete with private-sector crime fighting and a refreshing satirical attack on coercive environmentalism. But the film is marred by cartoonish violence, obscuring its worthy message of state incompetence — and state complicity — in the face of evil.

Our Q&A features Jingjing Wang, a Mises Institute 2014 Fellow and a Ph.D. candidate under Professor Peter Klein at the University of Missouri. Jingjing is an up-and-coming star in the academic world, and she offers some fascinating insights into how the Austrian school is enjoying a renaissance among Chinese scholars.

We sincerely hope you enjoy the new format and new content in our second issue of *The Austrian*. Our goal is to provide you with the most interesting and the most uncompromising Austrian and libertarian thought available anywhere. As a member of the Mises Institute, we want you to be engaged in our mission: promoting Austrian economics, freedom, and peace. So please send us your comments about *The Austrian*, our events, articles, website, or the Institute generally via contact@mises.org. ■■■

Jeff Deist is president of the Mises Institute.

Hans-Hermann Hoppe An Austro-Libertarian Reconstruction

Introduction to *A Short History of Man*



In *A Short History of Man*, I try to explain three of the most momentous events in the history of mankind.

First, I explain the origin of private property, and in particular of ground land, and of the family and the family household as the institutional foundations of agriculture and agrarian life that began some 11,000 years ago, with the Neolithic Revolution in the Fertile Crescent of the Near-East, and that has since — until well through the late nineteenth century — come to shape and leave an imprint on human life everywhere.

Second, I explain the origin of the Industrial Revolution that set off around 1800, only some 200 years ago in England. Until then and for thousands of years, mankind had lived under Malthusian conditions. Population growth was constantly encroaching on the available means of subsistence. Every productivity increase was “eaten up” quickly by an expanding population size such that real incomes for the overwhelming bulk of the population were held down constantly

near subsistence level. Only for about two centuries now has man been able to achieve population growth combined with increasing per capita incomes.

And third, I explain the parallel origin and development of the State as a territorial monopolist of ultimate decision-making, i.e., an institution vested with the power to legislate and tax the inhabitants of a territory, and its transformation from a monarchic State, with “absolute” kings, to a democratic State with “absolute” people, as it has come to the fore in the course of the twentieth century.

While this could suffice as an introduction and the reader could proceed directly to the following chapters, a few additional remarks may be in order for the philosophically minded reader.

Until the early twentieth century, the following would have been classified as sociological studies. But with the rise and increasingly dominant influence attained in the course of the twentieth century by the empiricist-positivist-falsificationist philosophy, the term sociology in the meantime has acquired a very different meaning. According to the empiricist philosophy, normative questions — questions of justice, of “right” and “wrong” — are not scientific questions at all — and consequently most of modern, “scientific” sociology, then, is dogmatically committed to some variant of ethical relativism (of ‘anything goes’). And the empiricist philosophy categorically rules out the existence of any non-hypothetical,

non-falsifiable, or synthetic a priori laws and truths — and accordingly modern sociology is dogmatically committed also to some variant of empirical relativism (of ‘everything is possible,’ of ‘you can never be sure of anything,’ and ‘nothing can be ruled out from the outset’).

My studies are and do everything a “good empiricist” is not supposed to be or do; for I consider the empiricist-positivist philosophy wrong and unscientific and regard its influence especially on the social sciences as an unmitigated intellectual disaster.

It is demonstrably false that ethics is not a science, and that no universal principles of justice exist and no “true” (non-arbitrary) criterion of distinguishing moral progress from decline. And it is likewise demonstrably false that no universal and invariant laws of human action and interaction exist, i.e., no laws of what is and is not possible and of what can and cannot be successfully done in human affairs, and no non-arbitrary criterion of judging actions as correct and successful or incorrect and faulty solutions to a given problem or purpose.

As for the second, ‘positive’ claim, it is contradicted by the entire body of Classical Economics. Classical Economics, reconstructed, refined, and further advanced during the “Marginalist Revolution,” in particular by its Viennese branch, founded by Carl Menger (1840–1921) with his *Principles of Economics* (1871) and culminating with Ludwig von Mises (1881–1973) and his unsurpassed *Human Action* (1940), and by what has since become known as Austrian economics, provides the intellectual material for a grand, comprehensive system of non-hypothetically true laws of human action, of praxeology — the logic of action — and of praxeological laws.

Any explanation of historical events must take praxeology — and specifically Ludwig von Mises — into account, and it is the “empiricists” who are insufficiently empirical in their work. In denying or ignoring the underlying praxeological invariants and constants in their observations of the social world, they fail to see the forest for the trees.

And as for the first, ‘normative’ claim, it is contradicted by the entire body of private law, in particular the law of property and contract, that grew up in response to the continued occurrence of interpersonal conflict regarding scarce resources. From the old ‘natural law’ tradition of the Stoics, through

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JONATHAN NEWMAN

Discrimination in the Marketplace



FedEx and UPS recently announced they will not ship the “Ghost Gunner,” a specific digital mill (like a 3D printer, but for metals) marketed as capable of fashioning parts without serial numbers.

The present situation is: (1) buying, selling, owning, and using guns without serial numbers is legal, even supposed “assault” rifles; (2) both FedEx and UPS have voluntarily refused to ship the digital mill, because of the threat of government action in the future; and (3) in the past, the federal government has held FedEx and UPS responsible for the legality of the goods they ship. By contrast, the USPS is not responsible for the legality of goods it ships (senders are), and has to get a search warrant to inspect customer packages.

Jonathan Newman is a graduate student in economics at Auburn University, and a Mises Fellow.

Despite the possible threat of future state interference, the decision by FedEx and UPS is a voluntary one, not commanded legislatively from Washington. Both companies simply made a voluntary choice not to be involved in a controversial matter — and thus they discriminated against certain potential customers by refusing their business.

The term “discriminate” carries some heavy baggage, so let’s unpack it.

First, this author — like virtually everyone in modern western society — is opposed to racial discrimination in the forms most people imagine upon first reading or hearing the term. I would not patronize a business with a “No Blacks,” “No Immigrants,” or “No Jews” sign out front, for example, and I would discourage others from patronizing it as well.

It is worth mentioning, though, that some obvious forms of racial discrimination

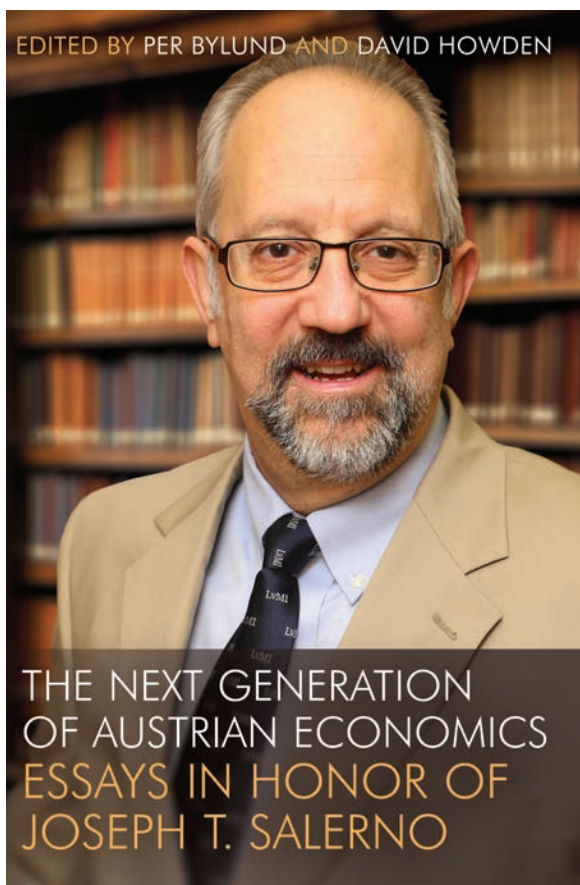
DAVID GORDON REVIEWS

The Next Generation of Austrian Economics

Per Bylund and David Howden, eds.

Mises Institute, 2015

244 pages



Joe Salerno, like Ludwig von Mises, is not only a great economist but a great teacher of economics as well. Since 2005, he has been in charge of the Mises Institute Summer Fellows program. In this program, graduate students spend a summer at the Institute. They engage in regular discussions; and, under Joe's direction, they prepare a research paper. He has a masterly ability to discern at once the direction in which a student's argument is heading. He then responds, with all the resources of his remarkable intelligence and learning, and offers the student careful guidance in writing the paper. Lew Rockwell aptly remarks, "No one could be more patient, rigorous, detailed, and loving. Forget Mr. Chips. We've got Joe Salerno."

Given his manifest success as a mentor, as well as his warm personal relations with the Fellows, it is hardly surprising that they would wish to express their gratitude to him. What better way to do so than a volume of essays in his honor? In *The Next Generation of Austrian Economics*, thirteen of the Fellows have presented, in a fitting tribute to Joe, research of their own which develops some of the central themes of his work. The book includes as well a foreword by Lew Rockwell and an afterword, expertly summarizing Joe's contributions to economics, by his friend and colleague Peter Klein.

The central theme in Joe's work is I think best approached indirectly, by asking this question: what part does the history of thought play in economic theory? In physics, current research rarely proceeds by asking what past great scientists have had to say about a problem. Physics and the history of physics are two different disciplines. Not so in philosophy, where asking what Aristotle or Hume or Kant thought often illuminates present concerns. What about economics? Many mainstream economists ignore past theory, but Austrian economists do not.

Joe Salerno perfectly exemplifies the Austrian attitude toward past theory. At the heart of his work lies the creative appropriation for contemporary economic theory of the great Austrians of the past. He works from an unrivaled knowledge of the history of economics, especially in monetary theory. Murray Rothbard said of Joe that

he “has done remarkably creative work in the history of economic thought.”

As Peter Klein notes, a key insight of Joe’s interpretation of Mises is that “what Mises means by ‘economic calculation’ is monetary calculation.” Joe puts the essence of the matter in this way: “Mises’s pathbreaking and central insight is that monetary calculation is the indispensable mental tool for choosing the optimum among the vast array of intricately-related production plans that are available for employing the factors of production within the framework of the social division of labor.” In two classic articles, “Ludwig von Mises as Social Rationalist” and “Mises and Hayek Dehomogenized,” he applied this insight to arrive at a revolutionary conclusion.

Many contemporary Austrians have followed Hayek in thinking of the market as a mechanism for coordinating dispersed knowledge, much of it tacit. No central planner could grasp the vast amount of knowledge required to coordinate the economy; but what no individual or group can do consciously, the market does automatically. The coordination of the economy is “the result of human action, but not of human design.” This insight, it is claimed, forms the basis of Mises’s famous calculation argument against the possibility of socialism.

From this view, Salerno vigorously dissents. Mises’s argument is about monetary calculation, not knowledge. Even if the central planner possessed all relevant knowledge, socialism could not work. Monetary calculation requires a market.

Several of the contributors to the book take up Joe’s theme that rational action based on calculation in money is central to the free market. Mateusz Machaj asks and responds to a question in a way that manifests Joe’s influence: “why make a difference between ‘Hayekian’ and ‘Misesian’ knowledge? We are inclined to do so, because Mises emphasized the *role of prices* in the economy, whereas Hayek attempted to go further and focus on something underneath prices: *production functions*. For the former, prices per se were of interest. For the latter something more substantial had to be hidden behind those prices.”

Machaj makes clear his agreement with Salerno that socialist calculation is impossible because the central planner lacks Misesian, rather than Hayekian,

knowledge. “The central owner under socialism has precisely the following problem: he cannot know allocation activities based on current price offers. He is not in a position to recognize what private owners would do, and how they would exclude each other from the market process. He is able to gather data on past prices, or even price offers right before the complete nationalization of resources, but he cannot know which allocation activities would have been performed under private property. Even if he or she knew all the relevant Hayekian knowledge, it would not suffice to solve allocation problems under socialism, since all of the Misesian knowledge would have to be known.”

Forget Mr. Chips. We've got Joe Salerno.

Matthew McCaffrey also fully accepts Joe’s line of reasoning. “[C]alculation provides, among other things, a basis for entrepreneurs’ judgment regarding the direction of the factors. More profoundly, calculation is actually the fundamental characteristic of a rational economic system, which is simply impossible in its absence, as in the case of socialist societies.” McCaffrey makes effective use of this point to criticize Israel Kirzner’s understanding of the entrepreneur, which “cannot incorporate ordinary economic decision making into entrepreneurship.”

As Klein notes, Joe has also stressed the importance of a distinctive Austrian approach to “mundane economics,” i.e., the explanation of value and prices. This approach, which stems from Menger and Böhm-Bawerk, is causal-realist and differs from the Walrasian views of Wieser, Schumpeter, and Hayek. Mises and Rothbard greatly extended the Mengerian approach, and it is one of Joe’s fundamental achievements to bring to light and to clarify in brilliant fashion the issues here at stake.

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SAVING THE WORLD

from Environmentalist Billionaires

Kingsman: The Secret Service

(2015), 129 minutes

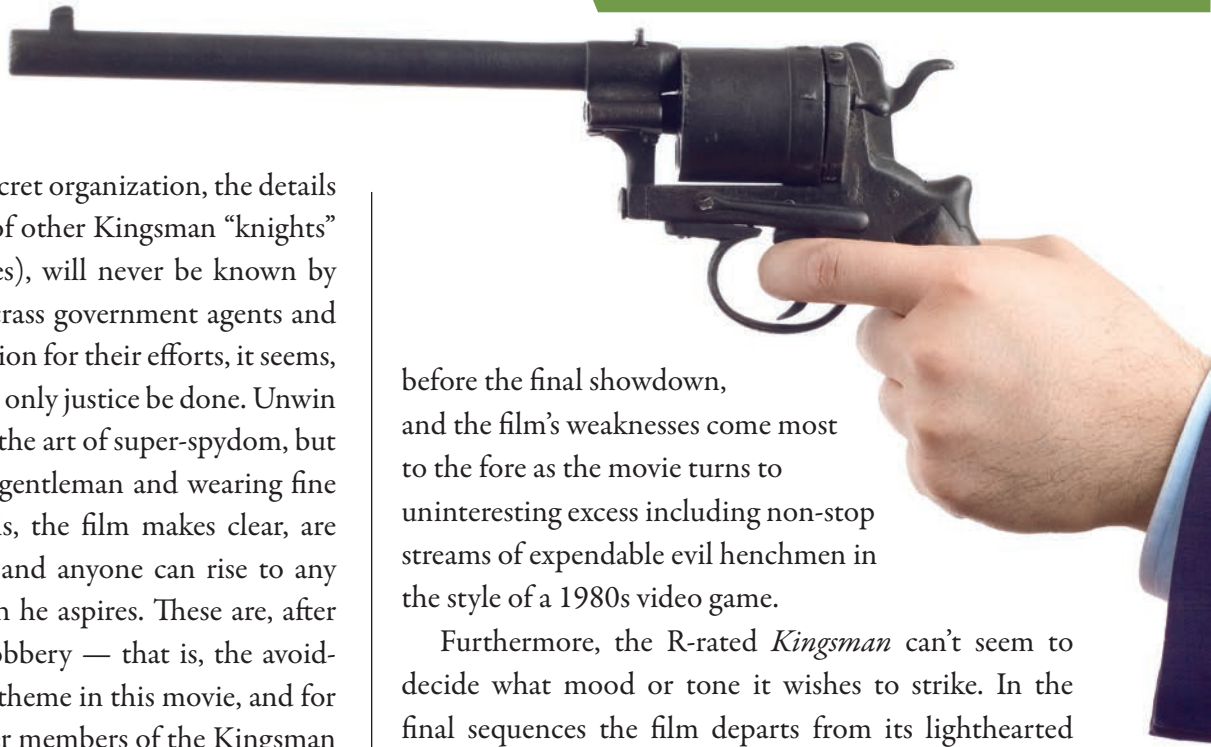
Ryan McMaken

K*ingsman: The Secret Service* is a big-budget semi-satirical take on the spy genre, featuring the film clichés audiences now associate with the James Bond and Jason Bourne franchises. These include global intrigue, amazing gadgetry, beautiful women, hand-to-hand combat, and multiple international locales.

Many friends of laissez-faire, and those suspicious of today's international elites, will welcome elements of a film premised on private-sector heroes and a sociopath who wants to save the world from global warming. Unfortunately, however, the film's lackluster execution will leave many wishing the finished product were more memorable and compelling.

Kingsman centers on a secret stateless crime-fighting organization funded by the private estates of upper middle-class Englishmen whose heirs had been killed in World War I. It's an "independent international organization" we're told, and it's no small affair. The Kingsman organization has access to at least one enormous hangar full of top-shelf privately-owned military equipment, and a team of the world's smartest, strongest, and most agile secret agents. They function above and separate from any recognized legal system or government edict.

It is this world which the main character, "Eggsy" Unwin (Taron Egerton), aspires to join at the prodding of agent Harry Hart (Colin Firth) who is only alive thanks to the heroics of Unwin's father years



before. But, being a super-secret organization, the details of these heroics, and those of other Kingsman “knights” (as they think of themselves), will never be known by the general public. Unlike crass government agents and celebrities who desire adulation for their efforts, it seems, Kingsman agents desire that only justice be done. Unwin must be trained not only in the art of super-spydom, but also in the ways of being a gentleman and wearing fine tailored clothes. These skills, the film makes clear, are learned and not inherited, and anyone can rise to any level of refinement to which he aspires. These are, after all, modern gentlemen. Snobbery — that is, the avoidance of it — is very much a theme in this movie, and for Harry and the other younger members of the Kingsman organization, it’s important to remember that “manners maketh man.”

If this all seems a bit too pat to be realistic, there’s no need to worry about that aspect of it because the film maintains a base level of irony throughout. Nevertheless, the villain himself is genuinely vile. For Unwin, Hart, and the other Kingsman knights, the gravest threat they face is Richmond Valentine (Samuel L. Jackson), a billionaire in the tradition of Bill Gates or Steve Jobs who has become convinced that mankind is a “virus” that is causing global warming and a host of other environmental disasters. The only way to save planet Earth, Valentine believes is to kill off most of humanity.

Valentine has magnanimously preserved a remnant of humanity, however, and before he kills off nearly seven billion people, he invites the elite of the world — various in-cahoots politicians and super-rich families — to a mountain bunker where they will party and watch the near-apocalypse in safety. “You are the chosen ones,” Valentine informs his favorites in the upper crust. But for everyone else, saving the environment requires death in an orgy of global violence.

The movie progresses nicely to the climactic final scenes in which Unwin, having transformed himself in true Pygmalion fashion, and others try to stop Valentine. Unfortunately, the wheels start to come off in the minutes

before the final showdown, and the film’s weaknesses come most to the fore as the movie turns to uninteresting excess including non-stop streams of expendable evil henchmen in the style of a 1980s video game.

Furthermore, the R-rated *Kingsman* can’t seem to decide what mood or tone it wishes to strike. In the final sequences the film departs from its lighthearted but gritty tone and becomes suddenly cartoonish, to the point of being distracting at first and boring soon after. One might even begin thinking this is indeed a sanitized PG-13 summer blockbuster were it not for the out-of-nowhere teenage-sex-romp elements — which lacked any set-up — that are seemingly cut-and-pasted from another movie into this one in the final minutes.

These weaknesses mar what might otherwise be a well-executed and biting commentary on coercive environmentalism — namely, the impulses behind many governmental efforts to forcibly manage and control natural resources, economic growth, and even human reproduction in the name of “sustainability.” Clearly, *Kingsman: The Secret Service* is attempting to play to the audience’s disdain for celebrities who lecture us on carbon emissions one minute, but fly around in private jets and live in 50,000-square-foot houses the next. Even more unexpected is the revelation that ultimately, the governments of the world are both clueless and powerless in the face of such evil, and it’s up to the private sector and intellectual heirs of long-dead wealthy English businessmen to save the day. This is a promising premise for a franchise indeed, although perhaps it would be best if taken up by more able filmmakers in the future. ■■■

Ryan McMaken is editor of *The Austrian* and *Mises Daily*.

A CONVERSATION

WITH MISES FELLOW JINGJING WANG

FROM BEIJING TO AUBURN



Jingjing Wang is a former Mises Fellow and a graduate student in economics at the University of Missouri.

THE AUSTRIAN: How did you first become familiar with the Mises Institute?

JINGJING WANG: I do not remember the exact time when I first got to know the Mises Institute, but I heard Hayek's name around 2007 when I was a junior student in business administration in China. It was 2010, when I took a course in Beijing on "Classical Readings in Institutional Economics" for my master's degree. Ludwig von Mises's book *Liberalism* was on the reading list. I did web searches on Mises, and found there was an institute named after him. I became more and more familiar with the Mises Institute after 2011 when I came to the US for Ph.D. study.

MI: In recent years, we've seen more and more activity from Austrian scholars and translators in China. What's your assessment of the state of Austrian economics and free-market economics in general in China?

JW: It is very inspiring that there are more and more academic activities by Austrian scholars and similarly minded people. These activities include translating classical books, organizing seminars and reading groups, and even publishing original works related to Austrian economics. But research by Chinese scholars on Austrian economics is not a totally new phenomenon.

For instance, Böhm-Bawerk's works were translated into Chinese as early as the 1930s. Hayek also had a few Chinese students when he taught at the London School of Economics, and his disciples brought Austrian economics back to mainland China through Taiwan or Hong Kong. In recent years, due to the influence of the internet and the enthusiasm of young students, translations are not limited to classical books. More and more, recent Mises University videos, Mises Daily articles, and interesting topics from other sources have also been translated, and these can reach a much broader audience than traditional channels. So, I am very positive about this movement. In the future, I hope all these works can lay a very solid foundation for other scholars to conduct original studies, and for applied Austrian economics to analyze what has happened in China.

MI: Why did you decide to pursue an academic career?

JW: That is a hard question to answer. Actually, I never thought to pursue an academic career initially since I did not know what it meant before I went to the university. Also, I did not expect I could get a chance to go to study in the university, although I had a dream to be an elementary or middle school teacher when I was young. Later, after I chose business administration as my major by accident, I thought that being a white collar worker and earning decent money is also a good choice. But, I felt lost after years of being a star student and learning things which I was not very interested in. In my senior year, following my advisor Xiaoyun Yang's advice, I wandered around neighboring universities, auditing courses randomly, and searched topics which I have passion for. She was my first mentor who led me to doing serious research. Then, I followed my heart and ended up pursuing an academic career. I think it is the place where I can find a peaceful mind, a happy and meaningful life.

MI: What convinced you to apply to become a Mises Institute Fellow?

JW: The real question is about what motivated me to do what it took to become a Mises Fellow. It is a privilege for an Austrian scholar to be a Mises Fellow and conduct research at the Mises Institute, and I looked forward to being a Fellow for a long time. So, I really worked hard to be eligible to apply for a fellowship. I attended Austrian reading groups organized by Peter Klein, and I attended Mises University and the Rothbard Graduate Seminar.

Also, during that time I heard good things about being a Mises Fellow from my advisor, and my colleagues Per Bylund and Jim Chappelow, who helped me make good preparations.

MI: What was the nature of your academic work while at the Mises Institute?

JW: Herbert J. Davenport was a main interest, especially the link between him and Frank Knight in entrepreneurship studies. I have had a strong passion for studying the history of economic thought for quite a long time, and I was very excited to work on this during the whole summer as a Mises Fellow. Davenport was a very prominent American economist of the Austrian school during the early twentieth century. Unfortunately, he is nearly forgotten by the mainstream economists, and even most Austrians. My work tries to highlight his contributions to entrepreneurship studies, and to unravel the mystery of Frank Knight's idiosyncratic way of illustrating the nature of uncertainty and profit. Meanwhile, I also attempt to understand Davenport's loan-fund doctrine of capital, and how this impacts Knight's view of

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JONATHAN NEWMAN
CONTINUED FROM PAGE 7

What can be done, then, about the racists, sexists, and other sorts of intolerant people in our society? Are they to be given carte blanche to act upon their prejudices? The answer should make you smile: *we can discriminate against them!* We can shun and boycott the racist restaurant owner, just as we can shun and boycott FedEx and UPS for caving to the Feds when it comes to shipping 3D mills. The market is not a test of right and wrong, but it can reveal consumer and business preferences for the

types of discrimination that are acceptable vs. reprehensible.

While we may boycott a business with a “No Blacks” sign out front, we clearly shouldn’t hold a gun to the owner’s head and say, “Allow blacks in your store or else!” And if we lack the authority to do such a thing, we cannot delegate such authority to someone else — even if they sit in the legislature or wear a badge. We should limit violent responses to violent acts only. Nonviolence is the only proper response to nonviolent acts of discrimination, no matter how ugly and morally wrong such acts are. ■■■

JINGJING WANG
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capital and the debate between Knight and Hayek on capital theory.

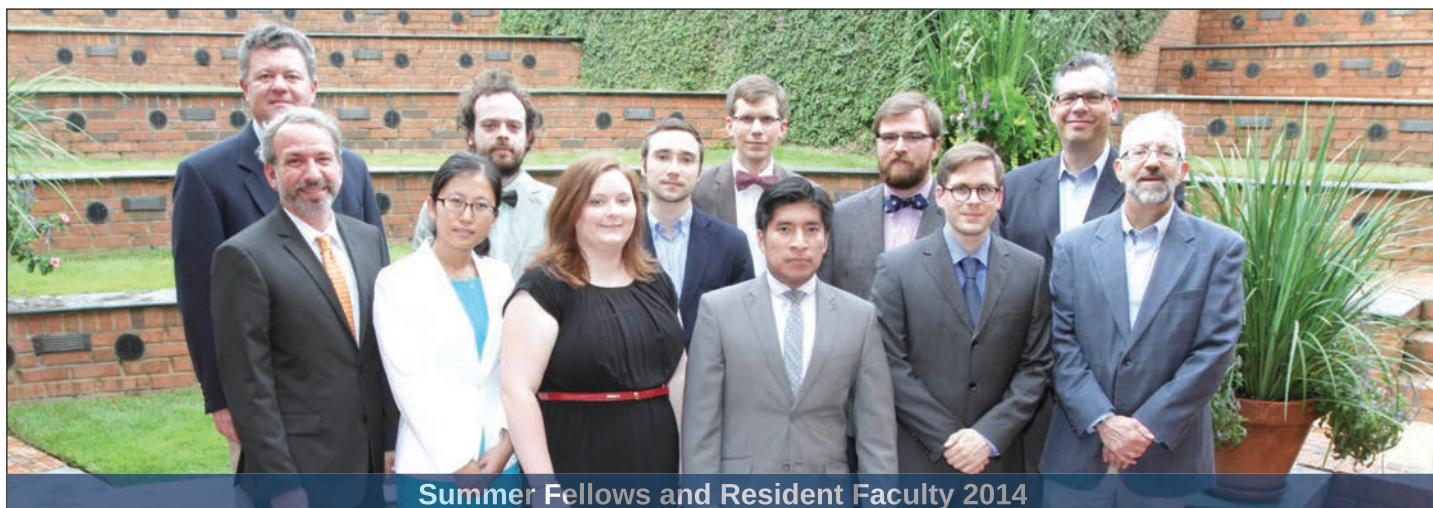
MI: What was your favorite part of being a Fellow?

JW: It is very difficult to pick my favorite part since there are so many aspects of the experience that I enjoyed a lot. First, it is very convenient to have access to professors’ help and advising every day. Most of the time, I could just knock on their door, and ask questions. Second, I was very fortunate to work in the research wing at the Mises Institute with many brilliant Fellows. Their passions and commitments to Austrian economics encourage me. Third, the Mises Institute is a great place to conduct research, and was an enjoyable and beautiful place to stay. Last but not least, both the professors and staff are very supportive, and they really care about Fellows.

MI: How have your experiences with the Mises Institute affected your plans for the future and future academic work?

JW: As I have said, I have long had a strong passion for conducting research in the history of economic thought, but early on, I did not have enough courage to do it because it is difficult work, especially for young scholars. I really appreciated the support I received from the Mises Institute that enabled me to learn how to do this type of research, and how to reach out to professors for help. Of course, it is hard to summarize and express the influence of the Mises Summer Fellowship on me, and I may still not know the full impact of it on my career. ■■■

Jingjing Wang’s fellowship was made possible by a generous donation from Sally von Behren. Supporters interested in sponsoring future Fellows may visit the fellowship donation page at mises.org/giving/campaigns/resident-fellowships or call Kristy Holmes at 334.321.2101.



Summer Fellows and Resident Faculty 2014

Scholar and Alumni News

Recent news from our supporters, alumni, and scholars



RON PAUL

Several national news publications including *The Washington Post*, *The Drudge Report*, and BuzzFeed reported on **RON PAUL**'s lecture on secession at January's Mises Circle event on secession in Houston.

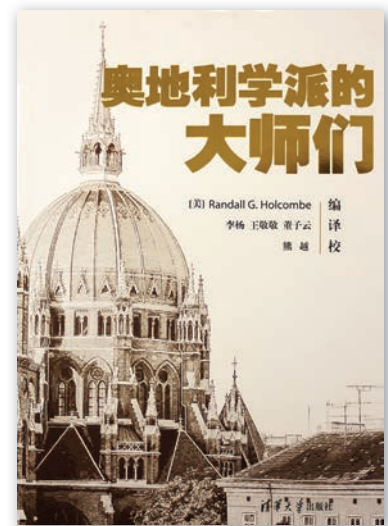
PETER KLEIN's book *The Capitalist and the Entrepreneur* has recently been translated into both Portuguese and Chinese.



PETER KLEIN

RANDALL HOLCOMBE's book *The Great Austrian Economists* was translated into Chinese thanks to former Mises Fellow Jingjing Wang.

Xiong Yue, a student of **JESÚS HUERTA DE SOTO**, reports several other works have been recently translated into Chinese as well, including Rothbard's *Man, Economy, and State*, Mises's *Capital and Its Structure*, *The Essential von Mises*, Huerta de Soto's *The Theory of Dynamic Efficiency*, and **PHILIPP BAGUS**'s November 2014 speech at the European Parliament.



The Great Austrian Economists

JOHN V.
DENSON

JEFF DEIST was featured on Jay Taylor's program *Hard Money Advisers* commenting on the 2008 financial crises and future crises to come.

JOHN V. DENSON's book *A Century of War* was translated into German. It is now available on the German-language Amazon page with the title *Sie sagten Frieden und meinten Krieg*.

CARMEN ELENA
DOROBĂȚ

JOSEPH SALERNO, LEW ROCKWELL, MARK THORNTON, DAN SANCHEZ, and **JEFF DEIST** all presented at the Young Americans for Liberty Alabama State Convention. Dr. Thornton also presented at the "End the Drug War" event at Auburn University hosted by Young Americans for Liberty.

MARK THORNTON was interviewed on a variety of topics for *The Daily Caller*, *WorldNetDaily*, *The Scott Horton Show*, *The Power and Market Report*, and *Power Trading Radio*.

Former Mises Fellow **CARMEN ELENA DOROBĂȚ** received the O.P. Alford III Prize in Political Economy at the Austrian Economics Research Conference for her article "Foreign Policy and Domestic Policy Are but One System," which appeared in *Independent Review*, 19 (3): 357–58 (2015).



PER BYLUND

Former Mises Fellow **PER BYLUND** received the Lawrence W. Fertig Prize in Austrian Economics at the Austrian Economics Research Conference for his article "Ronald Coase's 'Nature of the Firm' and the Argument for Economic Planning," which appeared in the *Journal of the History of Economic Thought* 36 (3): 305–29 (2014).

HANS-HERMANN HOPPE
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Roman law, to Scholastic law, to the modern, secular ‘natural rights’ tradition, a body of law and of scholarly literature on matters of law had emerged by the nineteenth century, that should put any ethical relativist to shame.

Buried for a long time under mountains of positivist legal rubbish, this tradition has been rescued and reinvigorated, refined, and rigorously reconstructed in our time above all by Murray N. Rothbard (1926–1995), most notably in his *Ethics of Liberty* (1981), into the most comprehensive system of natural law and the political philosophy of libertarianism. Any normative evaluation of historical events and developments that aspires to the rank of science, i.e., that claims to be more than an arbitrary expression of taste, must take account of libertarianism, and of Murray Rothbard in particular.

Hence, to indicate the method guiding my studies in the history of man, the subtitle of my little book: *An Austro-Libertarian Reconstruction*.

The events in human history that I want to explain are not necessary and predetermined, but contingent empirical events, and my studies then are not exercises in economic or libertarian theory. They will have to tell history as it really was and take account of all known facts. In this regard, I do not claim any originality. I do not unearth any unknown facts or dispute any established findings. I rely on what others have established as the

known facts. But the facts and the chronology of events do not contain their own explanation or interpretation. What distinguishes my studies is the fact that they explain and interpret the history of man from the conceptual vantage point of Austro-Libertarianism: with the background knowledge of praxeology (economics) and of libertarianism (ethics). They are conducted in awareness of the non-hypothetical or aprioristic character of the laws of praxeology and of ethics and the fact that such laws impose strict logical limitations on what — which one — explanation or interpretation, of all conceivable explanations and interpretations of some given historical data set, can be considered at all possible and possibly (hypothetically) true (and so be scientifically admissible), and which ones can and must be ruled out instead as impossible and impossibly true. History, then, is rationally re-constructed, i.e., with the knowledge that every possibly true empirical explanation and interpretation must be in accordance not only with the ‘data’ but in particular also with praxeological and ethical law, and that every explanation or interpretation at variance with such laws, even if apparently ‘fitting the data,’ is not only empirically false but not a scientifically admissible explanation or interpretation at all.

The history so reconstructed and retold is to a significant extent revisionist history, opposed not only to much or even most of what the dominant leftist “mainstream” has to say on the matter, but, owing to the emphasis placed in my studies on human inequalities



and in particular on unequal cognitive abilities and psychic dispositions, opposed also to much pronounced and proclaimed in this regard by some circles of “politically correct” and “progressive” so-called “cosmopolitan” establishment-libertarians.

Thus the first momentous event in the history of man, the Neolithic Revolution, is reconstructed as a cognitive achievement of the first order and a great progressive step in the evolution of human intelligence. The institution of private land ownership and of the family and the practice of agriculture and animal husbandry is explained as a rational invention, a new and innovative solution to the problem faced by tribal hunters and gatherers of balancing population growth and increasing land scarcity.

Similarly, the Industrial Revolution is reconstructed as another great leap forward in the development of human rationality. The problem of balancing land and population size that had been temporarily solved with the original invention and subsequent spread and worldwide imitation of agriculture had to eventually re-emerge. As long as the population size increased, per capita incomes could be increased only if and for as long as productivity increases outstripped population growth. But steady productivity increases, i.e., the continuous invention of new or more efficient tools for the production of ever more, new or better products, requires a continuously high level of human intelligence, of ingenuity, patience, and inventiveness. Wherever, and as long as such a high level of intelligence is lacking, population growth must lead to lower — and not to higher — per capita incomes. The Industrial Revolution, then, marks the point, when the level of human rationality had reached a level high enough to make the escape from Malthusianism possible. And the escape is reconstructed as the result of the “breeding,” over many generations, of a more intelligent population. Higher intelligence translated into greater economic success, and greater economic success combined with selective marriage- and family-policies translated into greater reproductive success (the production of a larger number of surviving descendants). This combined with the laws of human genetics and civil inheritance produced over time a more intelligent, ingenious and innovative population.

Lastly, while the Neolithic and Industrial Revolutions are reconstructed as correct and innovative solutions to

a persistent problem: of a population size encroaching on living standards, and hence as great intellectual advances, the third momentous event to be explained is the invention of the State. The State is a territorial monopolist of ultimate decision-making and its successive transformation from a monarchic to a democratic State, is reconstructed as the outcome of a sequence of cumulative intellectual — moral and economic — errors and as a step back in the development of human rationality and a growing threat to the achievements attained with the Industrial Revolution. Per construction, the State cannot achieve what it is supposed to achieve. It is supposed to produce justice, i.e., to uphold and enforce the law, but with the power to legislate the State can — and inevitably will — break the law and make law in its own favor and so produce instead injustice and moral corruption. And the State is supposed to protect the property of its subjects from foreign invasion, but with the power to tax its subjects it can — and inevitably will — expropriate the

As a fundamentally “parasitic” institution, the State can never help but will always hinder in the production of wealth.

property of these subjects not, obviously enough, to protect them and their property, but to ‘protect’ itself and its expropriations against any so-called “invader,” foreign or domestic. As an “expropriating property protector,” i.e., as a fundamentally “parasitic” institution, the State can never help but will always hinder in the production of wealth and so lower per capita incomes.

In combination, then, with the following studies I hope to make a small contribution to the old tradition of grand social theory and render the long course of human history from its very beginnings to the present age more intelligible. ■■■

Hans-Hermann Hoppe is founder of the Property and Freedom Society and Distinguished Senior Fellow of the Mises Institute.

DAVID GORDON
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In an intricate discussion, Xavier Méra contributes to causal realist price theory through an analysis of Mises and Rothbard on monopoly prices. Both held that a monopoly price depends on the seller's confronting an inelastic demand curve. Méra maintains that this is true only in what he calls the immediate run. "Matters are different however once one focuses on the production

The future of Austrian economics is in good hands. For this we have Joe Salerno to thank.

decision points, when people try to maximize net income and not necessarily gross income. Increasing one's net income by restricting one's production of a good is possible even if one faces an elastic demand schedule above the free market price, provided that one's

average production expenses fall at a high enough pace (or rise slowly enough). All that is really required is that total expenses fall more than total income. The decisive consideration is not inelasticity of demand." He points out that, on occasion, Mises and Rothbard did recognize what he takes to be the correct position; but for the most part, they did not. Whether his criticism is correct I shall not attempt to assess.

In his careful attention to Rothbard, Méra illustrates another key theme of Joe's work. Joe is not only a Misesian but a Rothbardian as well. Rothbard, he has shown again and again, was Mises's greatest follower and in his own right one of the greatest of all economists. Joe's devotion throughout his career to Rothbard has been steadfast.

I have been able to discuss only a few of the essays in this valuable collection; but it should be clear from what has been said already that, in the young economists represented here, the future of Austrian economics is in good hands. For this we have Joe Salerno to thank. ■■■

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

Events

April 10 — Seminar for High School and College Students; Mises Institute

May 7 — New York Area Mises Circle in Stamford, Connecticut

June 7–12 — Rothbard Graduate Seminar; Mises Institute

July 19–25 — Mises University; Mises Institute

October 3 — Mises Circle in Fort Worth, Texas

November 7 — Mises Circle in Phoenix, Arizona

January 30, 2016 — Mises Circle in Houston, Texas

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

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