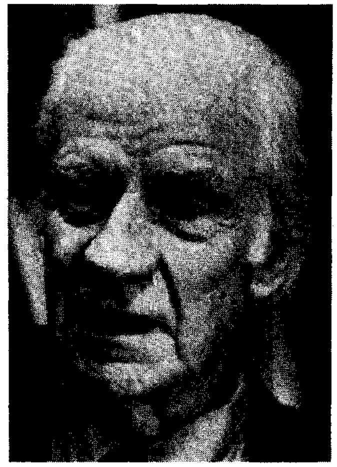
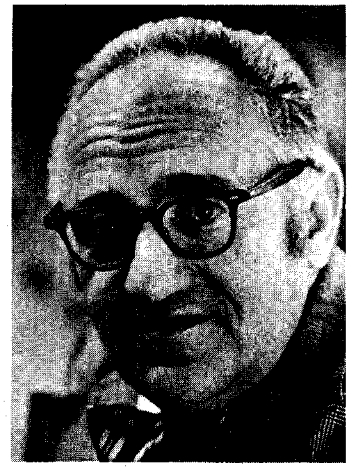
The Free Market

August 1987 • The Ludwig von Mises Institute

Three Economists Who Are National Treasures

by Llewellyn H. Rockwell, Jr.





"Three National Treasures:" Henry Hazlitt, W.H. Hutt, and Murray N. Rothbard.

To most Americans, economists don't leap instantly to mind as treasures, let alone national treasures. Whether making arrogant and fallacious mathematical predictions; filling the minds of college students with Keynesian and socialist buncombe; or giving a theoretical cover to State inflation, taxation, regulation, and spending—the typical economist is not a friend of liberty.

But all this is a perversion of real economics as exemplified by the Austrian school and its greatest exponent, the late Ludwig von Mises. Professor Mises was not only the 20th-century's greatest creative force in economics, he was also its radiant champion of liberty.

When my old friend Scott Stanley of *Conservative Digest*—who is to editing what the Austrian school is to economics—asked me to write this article, he mentioned the Japanese custom of naming great achievers as living national treasures. "Who are our three living national treasures in economics?" he asked.

There are other worthy contenders, but three men stand out as great economists and freedom fighters in the Misesian tradition: Henry Hazlitt, W.H. Hutt, and Murray N. Rothbard.

Henry Hazlitt

Henry Hazlitt's career as economist and journalist spans more than seven decades. An outstanding teacher of the economics of freedom, he did pathbreaking theoretical work, and made the ideas of Austrian, free-market economics accessible to everyone.

One of the most quotable economists of all time, his writing sparkles. And his clear and sprightly style seems—like his commitment to freedom—only to grow stronger with the passing years.

One of his chief accomplishments is the masterful *Economics In One Lesson*. This small volume has converted millions (in eight different languages) to an understanding of the free market and Austrian economics. It destroys the arguments of socialists and interventionists as it explains the truth. Although it was written more than 40 years ago, there is still no better way to start learning good economics.

But it's scorned by establishment economists. And no wonder. If Hazlitt were followed, interventionist politicians and their intellectual bodyguards in the academic world would be unemployed.

If that's not bad enough, his airtight case for the free market is accessible to the layman, and that's anathema to the economic establishment. Thumb through any issue of a top economic journal and you'll know why Hazlitt's book is considered heretical. Not because it doesn't make sense, but because it does; not because it isn't logical, but because it is; not because it isn't true to life, but because it is.

Translate their jargon into English, and we find establishment economists beginning with such axioms as "let's assume everybody knows everything" or "nobody knows anything" or "people never change their minds." Men and women are stripped of their individuality to make them fit

(Continued on next page)

INSIDE

Three Economists...from page 1

into mechanistic computer models, and the economy is seen as static, or at best a series of shifting static states. Deductions from such axioms must, of course, be false.

Hazlitt, like Mises, starts with the assumption that individuals act, that they do so with a purpose, and that as conditions change, their plans change. Do we need to know anything else about mainstream economics than that this is considered "unscientific"?

Most economists are notorious justifiers of special-interest legislation because they ignore what Hazlitt so eloquently charts in *Economics In One Lesson*: the unseen and long-run effects of government policy. To Hazlitt, as an Austrian school economist, "economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups."

Central bank inflation of the money supply, for example, lowers interest rates initially, but leads to higher interest rates and lower purchasing power in the long run, not to speak of the business cycle of booms and busts. Inflation may benefit the government and those who get the new money first, but it hurts everyone else.

As Hazlitt has argued, only a true gold standard qualifies as sound money.

Although a formidable scholar, Hazlitt did not spend his career in a university. He was a working journalist of whom H.L. Mencken once said: "He is one of the few economists in human history who could really write." Born in 1894, Hazlitt went to work in 1913 as a reporter for the *Wall Street Journal*. He was also an editorial writer for *The New York Times* and a columnist for *Newsweek*.

As a very young man, Hazlitt read the Austrian economists Carl Menger, Eugen von Boehm-Bawerk, and Philip Wicksteed. But the main influence on him was Ludwig von Mises. And in 1940 Hazlitt helped—with the late Lawrence Fertig—to raise funds for a job for Mises at New York University.

At a time when every second-rate European Marxist was getting a professorship at Harvard or Princeton, Mises was blackballed by U.S. universities as "too right-wing." Eventually Hazlitt and Fertig were able to persuade NYU—where Fertig was a trustee—to allow Mises to be an unpaid visiting professor.

Mises and Hazlitt became close friends and he later arranged the publication of Mises's *Omnipotent Government*, *Theory and History*, *Bureaucracy*, and the monumental *Human Action* by Yale University Press, and helped edit the manuscripts as well.

During Hazlitt's years at *The New York Times* he wrote about the troubles that would flow from the Keynes-designed Bretton Woods monetary agreements. (His eloquent editorials are collected in *From Bretton Woods to World Inflation*.) Bretton Woods, which Supply-Siders wrongly look back on with nostalgia, guaranteed—as Hazlitt predicted—a world of paper money inflation. It also gave us the International Monetary Fund and the World Bank, still major sources of funding for statist regimes.

As Hazlitt has argued, only a true gold standard, with the dollar redeemable in gold domestically as well as internationally, qualifies as sound money. And institutions like the IMF and World Bank only benefit governments and banking interests at the expense of the American taxpayer and the poor in other countries.

Another Hazlitt masterpiece is *The Failure of the "New Economics."* Here Hazlitt did what no one else has ever attempted: a line-by-line refutation of Keynes's *General Theory*. The book is a patient and meticulous shattering of Keynes's fallacies, contradictions, and muddled thinking.

A Renaissance man in the Mises tradition, his output includes 25 books—on economics, philosophy, politics, history, and a wonderful novel, *Time Will Run Back*—plus hundreds of persuasive columns and articles.

The Bretton Woods system did break down, of course, as Hazlitt had predicted. But when, many years before, the publisher of *The New York Times* asked him to reverse his position and endorse Keynes's phony gold standard, he resigned rather than do so. That act of courage and principle exemplifies his whole life.

W.H.Hutt

It's possible for a student of economics to go all the way through graduate school without hearing the name William H. Hutt. Yet his scholarship, bravery, and dogged adherence to economic truth make him a hero.

Hutt, now a visiting professor at the University of Dallas, has labored quietly and with little acclaim for more than 60 years. He is responsible for major breakthroughs in economic theory, a dozen books, and hundreds of articles. Among his most important works are *The Theory of Collective Bargaining* (1930), *Economists and The Public* (1936), *Economics of the Colour Bar* (1964), *The Strike-Threat System* (1973), and *A Rehabilitation of Say's Law* (1975).

Born in 1899, Hutt graduated from the London School of Economics. He published his first major academic article in 1926, refuting the leftist charge that the Industrial Revolution impoverished workers, when in fact it raised their standard of living dramatically. He went on to become the great

(Continued on page 4)

Alan Greenspan: A Minority Report on the New Fed Chairman

by Murray N. Rothbard

The press is resounding with acclaim for the accession to Power of Alan Greenspan as chairman of the Fed; economists from right, left, and center weigh in with hosannas for Alan's greatness, acumen, and unparalleled insights into the "numbers." The only reservation seems to be that Alan might not enjoy the enormous power and reverence accorded to his predecessor, for he does not have the height of a basketball player, is not bald, and does not smoke imposing cigars.

The astute observer might feel that anyone accorded such unanimous applause from the Establishment couldn't be all good, and in this case he would be right on the mark. I knew Alan thirty years ago, and have followed his career with interest ever since.

I found particularly remarkable the recent statements in the press that Greenspan's economic consulting firm of Townsend-Greenspan might go under, because it turns out that what the firm *really* sells is not its econometric forecasting models, or its famous numbers, but Greenspan himself, and his gift for saying absolutely nothing at great length and in rococo syntax with no clearcut position of any kind.

As to his eminence as a forecaster, he ruefully admitted that a pension-fund managing firm he founded a few years ago just folded for lack of ability to apply the forecasting where it counted: when investment funds were on the line.

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 fact, his views are virtually the same as Paul Volcker, also a conservative Keynesian. Which means that he wants moderate deficits and tax increases, and will loudly worry about inflation as he pours on increases in the money supply.

There is one thing, however, that makes Greenspan unique, and that sets him off from his Establishment buddies. And that is that he is a follower of Ayn Rand, and therefore "philosophically" believes in laissez-faire and even the gold standard. But as *The New York Times* and other important media hastened to assure us, Alan only believes in laissez-faire "on the high philosophical level." *In practice*, in the policies he advocates, he is a centrist like everyone else because he is a "pragmatist."

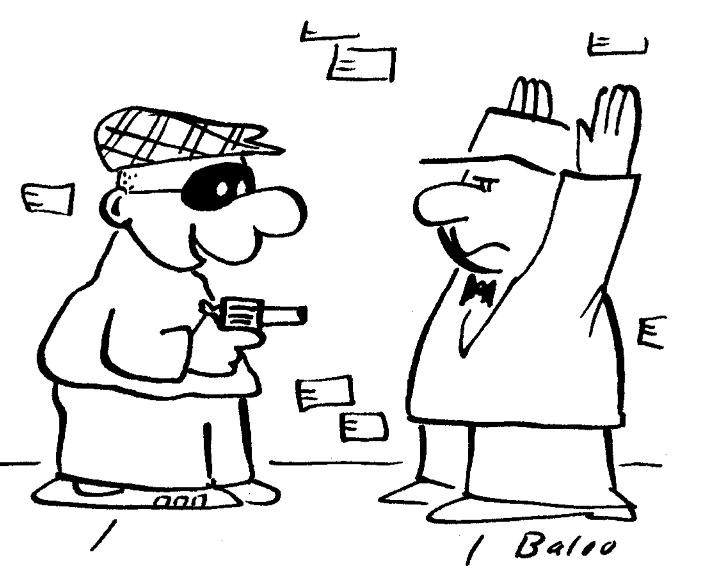
As an alleged "laissez-faire pragmatist," at no time in his prominent twenty-year career in politics has he ever advocated anything that even remotely smacks of laissez-faire, or even any approach toward it. For Greenspan, laissez-faire is not a lodestar, a standard, and a guide by which to set one's course; instead, it is simply a curiosity kept in the closet, totally divorced from his concrete policy conclusions.

Thus, Greenspan is only in favor of the gold standard if all conditions are right: if the budget is balanced, trade is free, inflation is licked, everyone has the right philosophy, etc. In the same way, he might say he only favors free trade if all conditions are right: if the budget is balanced, unions are weak, we have a gold standard, the right philosophy, etc. In short, *never* are one's "high philosophical principles" applied to one's actions. It becomes almost piquant for the Establishment to have this man in its camp.

Over the years, Greenspan has, for example, supported President Ford's imbecilic Whip Inflation Now buttons when he was Chairman of the Council of Economic Advisers. Much worse is the fact that this "high philosophic" adherent of laissez-faire saved the racketeering Social Security program in 1982 just when the general public began to realize that the program was bankrupt and there was a good chance of finally slaughtering this great sacred cow of American politics. Greenspan stepped in as head of a "bipartisan" (i.e. conservative and liberal centrists) Social Security Commission, and "saved" the system from bankruptcy by slapping on higher Social Security taxes.

Alan is a long-time member of the famed Trilateral Commission, the Rockefeller-dominated pinnacle of the financial-political power elite in this country. And as he assumes

(Continued on back page)



"Don't think of me as a mugger, sir—think of me as a demand-side economist."

Three Economists...from page 2

defender of working people, and scholarly opponent of their enemy: labor unions.

Many books had been written about labor unions, usually from a leftist perspective, yet no comprehensive theory of collective bargaining had ever been advanced. Hutt did so while teaching at South Africa's University of Cape Town.

In his *The Theory of Collective Bargaining*, which Ludwig von Mises called "brilliant," Hutt exploded the still-common myth that the interests of labor and management naturally clash. That is nothing but a disguised version of Karl Marx's theory of exploitation. On the contrary, Hutt said, the free market brings harmony. Only government intervention—such as laws favoring labor unions against employers and non-union workers—creates conflict.

Hutt also proved that collective bargaining and other union activities depress wages for non-union workers and the poor. He showed how much better off all countries would be if government-sponsored union activities were banned.

Unlike "liberals" and socialists, Hutt recognized that unionization's equal wage structure is destructive. Paying everyone the same, regardless of contribution, destroys the incentive to improve.

He is also an articulate opponent of the force and violence that are endemic to unions, and he has shown that they are necessarily an integral part of their functioning.

These ideas, of course, did not sell well in the 1930s. But that never hindered Hutt. And he took on another leftist idol: Keynes. While Hazlitt was fighting Keynesianism in the U.S., Hutt did the same in the British world.

Economists and The Public was published in the same year as Keynes's *General Theory*, 1936. Hutt's book was already in page proofs when Keynes's book appeared, but he inserted a warning about the dangers of Keynesianism.

In the book, Hutt sought to explain why the obviously superior free market was under attack, and why economists were held in such disrepute. The problem, he said, was that neither economists nor the public understood the nature and effect of competition.

Only unfettered competition protects the general interest against the government and its interests, said Hutt. Far from being a destructive force, competition is the "sole principle of coordination in a complex world" and the greatest liberator of the poor, a class which Marxists and Keynesians claim to love, but succeed only in increasing.

Hutt also unveiled his concept of "consumer sovereignty," which influenced Ludwig von Mises. In the free market, Hutt said, consumers have the right to buy or not to buy, and therefore producers play a subservient role. The only path to success in a free market is for the producer to serve the consumer. In a statist economy, pleasing politicians is the road to riches.

In 1939, Hutt delivered another blow to Keynesianism with *The Theory of Idle Resources*, which exploded Keynes's theory of unemployment. Hutt showed that a resource like labor can be idle only through government intervention that raises its price higher than the community can afford, in light of other demands. This is why minimum wages and unions are so destructive: they inhibit flexibility in the price of labor.

Not satisfied with attacking Keynesianism, in 1964 Hutt wrote the first detailed critique of South Africa's economic apartheid in *The Economics of the Colour Bar*.

Hutt didn't call for "one-man-one-vote" or similar schemes. He criticized the South African government's pro-labor union socialism and interventionism as giving an opening to Communism. Unless the market were freed from State intervention, he showed, there would be bloodshed and a destruction of freedom for everyone. He pleaded for blacks to be given a chance to own their own businesses, and to seek and hold any jobs they were capable of holding, without State discrimination.

> *Hutt showed that South Africa's economic apartheid was designed to protect white labor union members from black competition.*

Hutt showed that South Africa's economic apartheid was designed largely to protect white labor union members from black competition. The free market, he said, offers the only hope to minorities and the disadvantaged, and for a free society in South Africa. Government controls benefit only loot-seeking special interests.

The Economics of the Colour Bar—which anticipated Walter Williams's analysis of race and government—is a triumph of the union of theory and policy. This is something most economists shun as "unscholarly." But Hutt makes no secret of his desire to influence public opinion toward laissez-faire. For this, he was banned from working in South Africa.

As Ludwig von Mises wrote, W.H Hutt "rank(s) among the outstanding economists of our age." That he is not ranked as such by the mainstream is a tribute to his achievements and his courage.

Murray N. Rothbard

Ludwig von Mises was the greatest economist and defender of liberty in the 20th century. In scholarship and in passion for freedom, his heir is Murray N. Rothbard.

Rothbard was born in New York City in 1926. His parents, a chemist and a journalist, had met at an anti-big government ball, so from his earliest days he was properly oriented.

He received his PhD from Columbia University, and studied for more than 10 years under Mises at New York University. However, his degree was delayed for years, and he came close to not receiving it at all, because of the unprecedented intervention of a faculty member who was outraged at his topic.

Rothbard's dissertation—*The Panic of 1819*—showed how the Bank of the United States, the Federal Reserve's ancestor, caused the first American depression. This offended Professor Arthur Burns, later chairman of the Federal Reserve under Nixon, who was horrified by Rothbard's anti-central bank and pro-gold standard position.

PhD finally in hand, Rothbard began writing for the libertarian Volker Fund in New York. Like his great teacher Mises, Rothbard's views prevented him from getting a job at a major university. Finally he was hired by Brooklyn Polytechnic, an engineering school with no economics majors.

Rothbard proved that the Federal Reserve caused the economic calamity we know as—the Great Depression.

He worked there, in a dark and dingy basement office, until last year, when—thanks to free-market businessman S.J. Hall—he was offered a Distinguished Professorship of Economics at the University of Nevada, Las Vegas.

But his lack of a prestigious academic base did not prevent Rothbard, any more than Hazlitt, Hutt, or Mises, from reaching a wide audience of scholars, students, and the general public. Rothbard is the author of hundreds of path-breaking scholarly articles and 16 books, including *Man, Economy, and State* (1962), *America's Great Depression* (1963), *Power and Market* (1970), *For a New Liberty* (1973), *Conceived in Liberty* (1976), *The Ethics of Liberty* (1982), and *The Mystery of Banking* (1983).

In *America's Great Depression*, building on Mises's work, Rothbard proved that the Federal Reserve caused that economic calamity, and that other government interventions prolonged and deepened it.

He has also demonstrated that only a gold coin standard, with no central bank and 100% reserves, brings sound money and economic growth. Central banking and its inevitably inflationary monetary policies causes recessions and depressions that are not inherent in a free-market economy. Government, Rothbard shows, is the source of every business cycle in history.

Rothbard was also the first to show that a free market cannot create monopolies, and that government is, as always, the enemy of competition. The real monopolies are open ones like the Post Office, somewhat obscured ones like electric power companies, and worst of all the least-questioned one, the Federal Reserve.

In his great work *Man, Economy, and State*, he provides a logical answer to virtually every argument used against the free market. In the days of real economics, every scholar aspired to write a treatise that covered the whole subject. Since the Keynesian warping of the profession, this has gone out of fashion, and *Man, Economy, and State* is the last such magnum opus. In it, clearly and logically, Rothbard deduces the whole of economics from first principles. It is a tour-de-force unmatched in the modern profession.

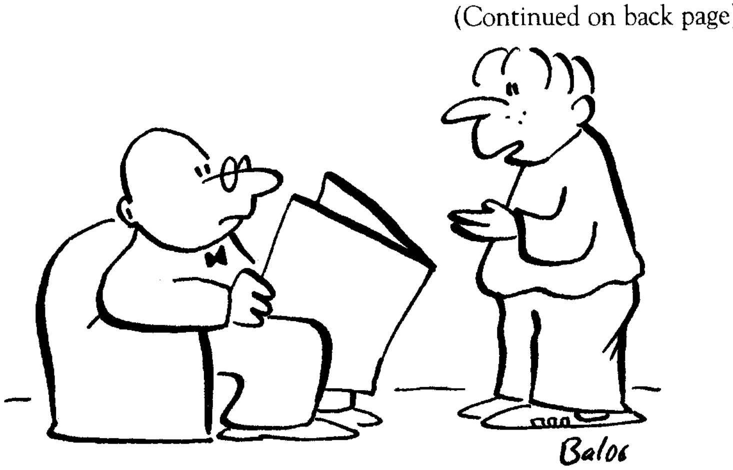
In his *Power and Market*, originally part of *Man, Economy, and State*, he develops a comprehensive critique of government coercion. There are two types of government intervention, he shows: triangular, in which the government "compels a pair of people to make an exchange or prohibits them from doing so," and binary, where government directly coerces a citizen for its own benefit, as in taxation. He carefully outlines the bad effects of every possible intervention in the economy, and is especially good on the harmful effects of taxation.

Rothbard also broke new ground in attacking government statistics. As he shows, the government collects statistics to help it plan the economy. (Of course, after millions of pages gathered every year, it still can't get it right!)

Among Rothbard's least favorite statistics is the "trade deficit," which is only considered a problem because government keeps the figures. Thank goodness, he has noted, that trade statistics aren't kept on Manhattan and Brooklyn. "Otherwise we'd hear cries from Brooklyn politicians about the dangerous trade deficit with Manhattan."

Another statistic he dislikes is GNP. This number counts welfare payments and all other government spending as "productivity." His PPR—Private Product Remaining (to

(Continued on back page)



"Dad, I need a humdred bucks to go to Washington to protest the capitalist system."

A Review of Murray N. Rothbard's *Power and Market*

by Jeffrey A. Tucker

To see Misesian methodology and economics in action, turn to Murray N. Rothbard's *Power and Market*.

The method of Austrian economics requires flawless reasoning, analytic rigor, and tight logical proofs. This is the logic of human action, or, as Mises called it, "praxeology," and it relies on flawless deduction from one or two self-evident propositions.

Power and Market passes this test on all counts. There exists no better critique of government intervention in the economy. It's a virtuoso performance of economics, reason, and clarity. And its thesis—that all government intervention does violence to the economy—is upheld on every page. Rothbard wages battle against intervention on no less than 86 different fronts. And he wins decisively in every case. Whether attacking price controls, taxation, anti-trust laws, or tariffs, he leads the reader through every logical step.

The title illustrates the book's message: that an eternal conflict rages between *power*, that is, the State, and the *market*, free and voluntary exchanges between individuals. Political power invariably inflicts harm on the smooth operations of the free market economy.

Rothbard has classified the endless array of possible interventions into three useful categories: autistic, binary, and triangular. Autistic intervention prevents a person from exercising control over his own person or property. This category includes homicide, assault, and any "compulsory enforcement or prohibition of any statute, speech, or religious observance." Binary intervention forces an exchange between two parties, as when personal property is unilaterally extracted from someone. Highway robbery and income taxes are the best examples. Finally there is triangular intervention which prevents some voluntary exchange of goods or services from taking place. Some examples are rent control, minimum wages, and government monopolies. They are triangular in this sense: one invader—the government— prevents free exchange between two peaceful traders say, the landlord and the tenant.

To take just one case, artificially high prices for farm products, a triangular intervention, "attracts resources into the field, while, at the same time, it discourages buyer demand." Because "entrepreneurs operate on the basis of certain criteria: prices, interest rates, etc.,...tampering with these criteria destroys the [market] adjustment and brings about losses, as well as misallocation of resources in satisfying consumer wants." Or when the Federal Reserve prevents deflation, it is enforcing a price control on the purchasing power of money in terms of other goods.

Rothbard wages battle against intervention on no less than 86 different fronts.

In addition to price controls, other triangular interventions examined by Rothbard include government cartels, controls on wages and labor, licensing, subsidies, and much more. The common thread in triangular intervention is that it interrupts free and voluntary trade between two parties. Thus it reduces social utility, wealth, and efficiency.

Unrivaled anywhere is the massive section on binary intervention. Here the reader finds the definitive praxeological case against various forms of taxation and government spending. One unique contribution of Rothbard is that the two are analyzed separately. Indeed, he was the first to recognize that government spending itself—aside from how the revenue was raised—is harmful. This runs directly coun-

Important Dates

Saturday, September 12, 1987

Seminar on "Sound Money and Sound Banking: Gold and 100% Reserves" at the University of Houston, Houston, Texas, with Ron Paul, Murray Rothbard, Walter Block, and Joseph Salerno. Luncheon in honor of O.P Alford, III.

Friday and Saturday, October 16-17, 1987

The Institute's Gala Fifth Anniversary in New York City with a tribute dinner to the great Henry Hazlitt and a major academic conference on Ludwig von Mises's contributions to economics, history, philosophy, political science, and the fight for liberty.

Friday and Saturday, April 15-16, 1988

An Institute conference on the economics, history, constitutionality, and ethics of the income tax, in Washington, D.C.

Wednesday, May 25, to Wednesday, June 1, 1988

"The First Conference on Austrian Economics and Investing" in Vienna, Austria, featuring lectures in Austrian economics where Ludwig von Mises held his famous seminar; talks by the giants of the investment world; a tour of the Vienna of Menger, Boehm-Bawerk, Mises, and Hayek; and a river cruise to Budapest, Hungary, to see socialism in action.

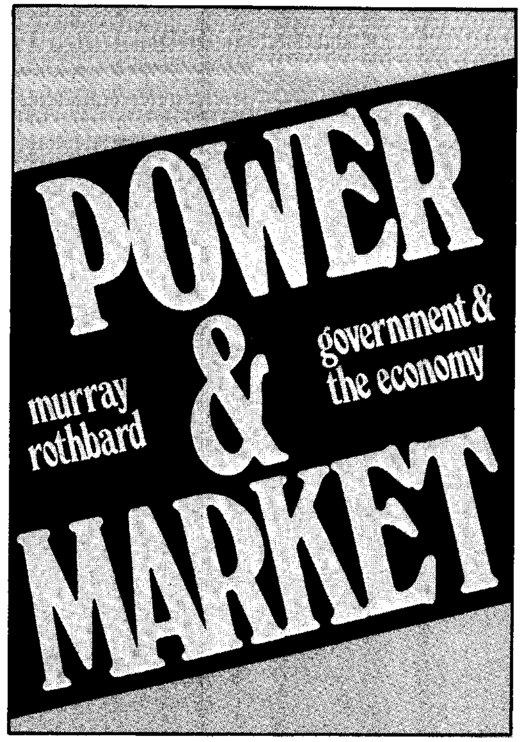
ter to the Keynesian claim that government spending is mostly a net benefit because it increases "aggregate demand." Instead, Rothbard shows that businessmen and enrepreneurs rely on the consumer's demand schedules to reflect their subjective valuations. When government creates artificial demand for goods and services through spending, it distorts efficient entrepreneurial decision-making.

Rothbard also shows that taxation itself—regardless of how the government spends its revenue—harms the economy. Not only does taxation reduce net wealth, it also harms the free market pricing system, the structure of production, business creation, resource allocation, potential entrepreneurial decisions, and economic calculation. In short, Rothbard proves that the "neutral" tax is a myth.

The perfect conclusion to this tour de force is the last section in which Rothbard provides powerful refutations of every objection to the free market offered by intellectuals. This is worth the price of the book alone.

Power and Market is compelling, reasoned, and even radical at points, but it challenges readers to a consistent position in favor of laissez-faire. It is a timeless contribution to the literature of liberty. ■

Jeffrey A. Tucker is a Mises Institute Fellow at George Mason University.



If you would like a copy of August's 300-page Publication of the Month, send your check for $6.00—which includes postage and handling—plus any tax-deductible contribution you can include to help the Institute add a little more artillery to the market side of this battle.

Letters to the Editor

I want to thank you sincerely for sending me Rothbard's outstanding essay on Turgot. I read it yesterday with pleasure and appreciation.

—*W.H. Hutt, Dallas, TX*

The...*Free Market* (is) literally packed with dynamite. So many cogent thoughts.

—*S.K., Elk Grove, IL*

The material from the Mises Institute is a great aid to me as I continue my graduate studies in economics at West Virginia University. Thank you for your help.

—*K.S., Harrisville, PA*

The Mises Institute is one of the best and most important things that has ever happened to this county. It must be a lonely battle in this socialist and Keynesian world.

—*A.S., Tacoma, WA*

I had Dr. von Mises as a professor one semester at New York University. It was a great pleasure. Best of luck in your work. May his teachings remain strong and grow stronger. We seem to need them more each year.

—*L.S., Delmar, NY*

Frankly, I shudder when I think about the economic policies pursued by the government. That's why I am trying to help the Institute.

—*H.H., Fort Lauderdale, FL*

I enjoy recieving *The Free Market*, and I am encouraged by the fine work of the Mises Institute.

—*C.H., Santa Monica, Ca*

I would like to express my strong support for your newsletter *The Free Market*. I can assure you that my monthly copy is read with great interest and study, both by myself and by a number of others to whom I have shown it. Thanks for providing this avenue for the average citizen to acquire such pertinent, well-researched, and factual information. Keep up the vital and ever-so-badly-needed work.

—*B.A.N., Houston, TX*

Thanks for your work. It's great to see Murray Rothbard on the Board; you must mean business or he wouldn't be there!

—*J.W.H., New York, NY*

Education is a slow process, but I see no other way to convince people that individual freedom and free markets are a better way than central planning. I look upon the Mises Institute as being a cornerstone in the process.

—*C.H.S. Munster, IN*

Three Economists...from page 5

producers)—shows a much clearer picture by subtracting government spending from the economy. He has also constructed an Austrian "M"—the True Money Supply—which reveals the Federal Reserve's depredations, unlike the constantly changing M1, M2, M3, etc., which are designed to disguise inflation.

Not only is he a brilliant economist, he is also a master of narrative political history, as his four-volume colonial history of the United States, *Conceived in Liberty*, shows; and a great philosopher in the individualist tradition, as demonstrated in *Ethics of Liberty*.

His current project is a massive history of economic thought from an Austrian perspective, commissioned by investment advisor and Austrian economist Dr. Mark Skousen, which covers the ancient Greeks to the present. Judging by the chapters so far, this will be the greatest study of its kind ever written.

The real Great Communicator, Rothbard is a writer of singular style, humor, and power. His words glisten on the page, while statist prose is usually a muddled, hermeneutical mire.

Like Mises, he has inspired millions with his vision of the free society. In the academic world, where devotion to principle is as popular as it is in Washington, he has carried the torch of pure Misesianism.

Three Giants

Like Mises, these three giants exhibit extraordinary ability, courage, personal gentleness, and an unbending adherence to principle.

In an age when selling-out is the norm among politicians—governmental and academic—Hazlitt, Hutt, and Rothbard have held high the banner of truth and freedom. They have faced immense pressure to retreat, but never wavered. Today they are still at work extending the scholarship of freedom.

Despite the barriers they have faced in the past, today their influence is spreading. And it will continue to do so. In their fight for liberty and the free market, these masters have one asset the other side cannot match: the truth. ■

Mr. Rockwell is founder and president of the Ludwig von Mises Institute. This article was adapted with permission from the July 1987 issue of Conservative Digest, *P.O. Box 2246, Fort Collins, CO 80522, (800) 847-0122, 11 issues—$19.95.*

The Goal of the Ludwig von Mises Institute

"The Marxians, Keynesians, and other 'progressives' know that their doctrines cannot stand any critical analysis," said Ludwig von Mises. "One representative of sound economics in their department would nullify all their teachings. This is why they are so anxious to bar every (Austrian).

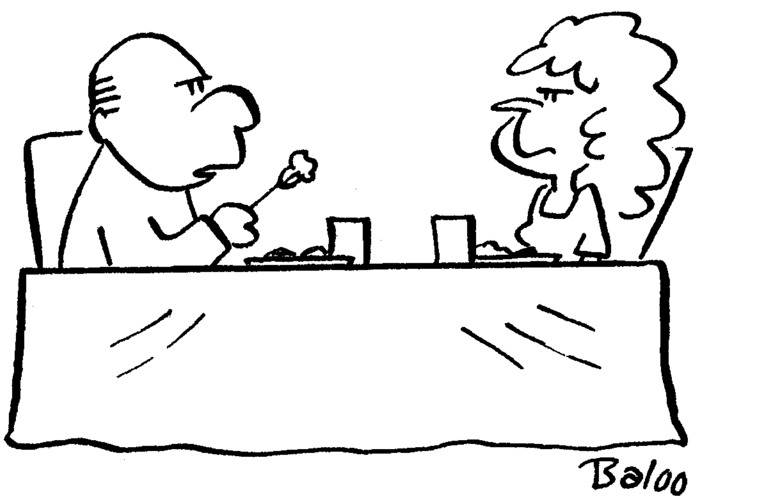
"So gifted young graduates shun the career of an academic economist. They do not want to be boycotted. They prefer to go into business or the practice of law where their talents will be fairly appreciated. It is mainly compromisers, who are not eager to find out the shortcomings of the official doctrine, who aspire to teaching positions.

"There is but one way to remedy this situation. True economists must be given the same opportunity in our faculties (that) the advocates of socialism and interventionism enjoy."

Greenspan...from page 3

his post as head of the Fed, he leaves his honored place on the board of directors of J.P. Morgan & Co. and Morgan Guaranty Trust. Yes, the Establishment has good reason to sleep soundly with Greenspan at our monetary helm. And as icing on the cake, they know that Greenspan's "philosophical" Randianism will undoubtedly fool many free market advocates into thinking that a champion of their cause now perches high in the seats of power. ■

Dr. Rothbard is S.J. Hall Distinguished Professor of Economics at the University of Nevada, Las Vegas, and Vice President for Academic Affairs at the Ludwig von Mises Institute.



"I didn't realize that John Maynard Keynes also wrote cookbooks!"