

The Free Market

Publications - P. 6

Winter 1984 • The Ludwig von Mises Institute of Auburn University • Auburn, Alabama 36849

Capitol Hill Gold Standard Conference A Special Report to Institute Members

The Ludwig von Mises Institute's premier conference was held in Washington, D.C., on November 16-17, 1983. "The Gold Standard: An Austrian Perspective" was the first event of its kind. Not only was it the first academic conference ever held in the United States on the gold standard, but it took place on Capitol Hill.

The audience consisted of Institute members; Congressional, Cabinet, and White House staffers; Members of Congress; public policy advisors; journalists, scholars, students, and business people. 212 people registered for the entire conference, but more than 400 participated in one part or another.

Session I

The first day of the conference began at 11:30 am outside the magnificent (and recently restored) Caucus Room in the Cannon House Office Building, adjacent to the U.S. Capitol.

Registration, with sandwiches and soft drinks, was first. Then, after making a few welcoming remarks, Institute director Lew Rockwell called on Session I chairman, Dr. Richard H. Timberlake, professor of finance at the University of Georgia, and noted authority on the Federal Reserve.

The first speaker was Dr. Murray N. Rothbard, professor of economics at New York Polytechnic, and editor of the Institute's *Journal of Austrian Economics*. He outlined the early history of the gold standard, why the Founding Fathers chose it, and the special interests who promoted central banking in our country's early days.

Next came Dr. Roger Garrison, assistant professor of economics at Auburn and the Institute's associate director for academic affairs. He refuted the monetarist arguments that a gold standard would "cost" too much. In fact, of course, it is fiat paper money that imposes unacceptable

(Continued on p. 3)



Congressman and Mrs. Ron Paul at the Gold Standard Conference

INSIDE

Gala Dinner in Honor of Mrs. Ludwig von Mises	2
Austrian Economics Colloquium	3
Scenes From the Gold Conference	4
Publications	6
Special Rothbard Seminar on the Federal Reserve	8

*Mr. Arnold Bernhard, Mr. Lewis E. Lehrman,
the Hon. J. William Middendorf II, and the
Ludwig von Mises Institute of Auburn University*

*request the pleasure of your company at
a reception and dinner in honor of*

Mrs. Ludwig von Mises

at seven o'clock in the evening,

Monday, February 27th, 1984,

at the Westbury Hotel

Madison Avenue and 69th Street

New York City

Cocktails and Dinner: \$200 per person

\$350 per couple

\$1,750 per table of ten

R. S. V. P.

acceptances only

Ludwig and Margit von Mises

Economist, historian, and political philosopher, Ludwig von Mises was our century's greatest champion of freedom. From 1912 — when he published his first important book — until his death in 1973, Professor Mises was the acknowledged leader of the Austrian school of economics and all those fighting for a free market.

A giant among scholars and teachers, his books included *Human Action*, *The Theory of Money and Credit*, *Socialism*, *Bureaucracy*, and *Omnipotent Government*. His students included Nobel laureate F.A. Hayek, Israel Kirzner, Fritz Machlup, Oskar Morgenstern, Wilhelm Roepke, Murray N. Rothbard, Jacques Rueff, and Hans F. Sennholz.

Margit von Mises first met her future husband in 1925, and they were married in 1938, after Mrs. Mises' successful career on the European stage and as a translator of dramatic works. For the next 35 years, Margit von Mises was his indispensable partner.

In the ten years since his death, she has been — in Professor Murray N. Rothbard's phrase — “a one-woman Mises industry.” Making sure all his books are suitably in

print, working with scholars and students, advising the Ludwig von Mises Institute — Margit von Mises has continued to dedicate her life to her husband and his work.

Now, for the first time, Margit von Mises will be publicly honored for all she has done, as famous scholars, business people, and public officials gather for a gala reception and dinner at Manhattan's elegant Westbury Hotel.

Speakers include Congressman Ron Paul and Mrs. Mises herself. And each guest will receive a copy of the new edition of her graceful and moving book, *My Years With Ludwig von Mises*.

Please join us for this historic tribute to a very great lady. Everyone who attends, or who contributes to make it possible for the Institute to admit deserving scholarship students, will be listed in the dinner program.

The Ludwig von Mises Institute
Auburn University
Thach Hall
Auburn, Alabama 36849

I want to be part of the historic gala in honor of Mrs. Mises.

Enclosed please find my check for \$ _____ for the following dinner tickets: _____ single(s) at \$200@; _____ couple(s) at \$350@; _____ table(s) of ten at \$1,750@.

Please reserve _____ places at the Institute's private seminar on the Federal Reserve, featuring Dr. Murray N. Rothbard.

Enclosed is my check for \$ _____ for _____ tickets at \$125@ (or \$90@ for Institute members or those attending the dinner in honor of Mrs. Mises).

I enclose a tax-deductible contribution of \$ _____ so that deserving students may be a part of this historic occasion in honor of Mrs. Mises, and may receive scholarships for the seminar on the Federal Reserve.

Please send me information about special Institute room rates at the Westbury Hotel.

please print

NAME _____

STREET _____

CITY _____ STATE _____ ZIP _____

The Ludwig von Mises Institute is an educational foundation. All contributions — business and personal — are fully tax deductible under Section 501(c)3 of the IRS code.

(Continued from p. 1)

costs on the economy: inflation, recessions, and depressions. A commentary on Dr. Garrison's paper followed from Dr. Leland Yeager, professor of economics at the University of Virginia.

After a break, Mr. Maxwell Newton, financial editor of the *New York Post*, discussed "The Fed: Handmaiden of Tyranny." Mr. Newton, a native of Australia who studied economics at Cambridge University, condemned the Federal Reserve for a "social revolution" that now has almost as many Americans living off government as working in the private sector. Increasing interest in such Misesian ideas as the gold standard he called "extremely encouraging."

Dr. Stephen O. Morrell, former senior economist at the Atlanta Fed and now associate professor of economics at Auburn, commented on Mr. Newton's presentation.

Perhaps the highlight of the first day was the debate that followed after a second break: "Gold vs. Paper," featuring Congressman Ron Paul, a member of the national advisory board of the Institute, and J. Charles Partee, member of the Board of Governors of the Federal Reserve System.

This debate — which was taped, like the entire conference, by the Voice of America for worldwide broadcast — was an exciting one indeed. Congressman Paul vigorously defended the gold standard as the only monetary system consistent with morality, liberty, and prosperity, while Mr. Partee — not surprisingly — defended the Federal Reserve and its control of the money supply. In the judgment of the audience — if not some of the national media people present — Congressman Paul was the easy winner.

Later that evening a gala reception in the Caucus Room hosted by Ambassador J. William Middendorf II — a former student of Professor Mises' — introduced the Mises Institute to Washington, D.C., and honored Congressman Paul for his help in the Institute's founding, as well as his outstanding support of the free market and sound money, for which he received the first Ludwig von Mises Award.

Session II

Session II, which began early on Thursday morning, was chaired by Dr. Don Bellante, professor of economics at Auburn.

The first paper was given by Richard Ebeling, postdoctoral fellow in Austrian economics at New York University, on the pathbreaking work of Ludwig von Mises in monetary theory, especially as regards the gold standard. It was Professor Mises who demonstrated that money was an institution

of the free market, not government, and that only gold and silver — not fiat paper — is free-market money. Central banking and its inevitable inflation — he proved — causes the business cycle with its recessions and depressions. Only a gold standard brings monetary order, as versus government-created chaos with paper money.

A commentary was provided by Mr. George Selgin, doctoral fellow at NYU and the first student to receive a Mises Institute Fellowship.

Then Dr. Lawrence H. White, assistant professor of economics at New York University, talked about "Free Banking and the Gold Standard." Only a gold standard, he

(Continued on p. 5)



Professor Don Bellante, Dean Ethel Jones, Professor Roger Garrison, and Professor Israel Kirzner at the Mises Institute's offices.

Austrian Economics Colloquium

An important Institute teaching program is its Austrian Economics Colloquium, which is directed by Professor Don Bellante.

The colloquium, which is offered for graduate credit at Auburn University, is attended by economics students and faculty, and often by people from outside the department when there is a visitor.

Dr. Israel M. Kirzner, professor of economics at New York University and founder of NYU's Austrian program, made a presentation in October at the AEC through the joint sponsorship of the Mises Institute and the Intercollegiate Studies Institute.

Professor Kirzner, who received his PhD under Ludwig von Mises, presented a paper on the pure time-preference theory of interest rates.

Scenes from the Gold Conference

The Mises Institute's historic conference on the gold standard was made possible through the generosity of these distinguished patrons:

Mr. Henry N. Anderson
Arnold Bernhard & Company, Inc.
Dr. and Mrs. Orville J. Davis
Mr. Edward Durell

Dunn's Commodities, Inc.
Mr. Winthrop French
Mr. Sheldon Rose
Two Anonymous Contributors



Professor Hans Sennholz and Richard Wilke of the Council for a Competitive Economy



Ambassador J. William Middendorf II



Congressman Philip M. Crane of Illinois and Institute advisory board member Deborah Ayers



Institute board member Burton S. Blumert reads a congratulatory telegram from Mrs. Ludwig von Mises.



Professor Roger Garrison, Congressman Ron Paul, Congressman William Dannemeyer of California, conference sponsor Winthrop French, Institute student Don Boudreaux, Institute director Lew Rockwell, and Professor Stephen Morrell.

(Continued from p. 3)

showed, is compatible with non-inflationary, competitive, consumer-oriented, free-enterprise banking.

There followed a panel discussion on the gold standard featuring Drs. Michael Montgomery and Pamela Brown, instructors in economics at Auburn, and Mr. Donald Boudreaux, graduate student in Auburn's PhD program and a Mises Institute Fellow.

Lunch had been originally scheduled for the Gold Room of the Rayburn House Office building. But the tremendous response to the conference meant that a larger room was needed — the Banquet Hall of the Rayburn Building.

At the luncheon, Congressman Paul talked about "The Political and Economic Agenda for a Real Gold Standard." When Congressman Paul was called away for a series of votes in the House of Representatives, Lew Rockwell asked Dr. Augustin Navarro — famed Misesian economist who had traveled from Mexico City to attend the conference — to discuss the situation in his native country. Dr. Navarro explained how economic collapse must result — as it has in Mexico — from extensive government intervention in the economy and paper money inflation.

The highlight of the luncheon, however, was a moving and eloquent telegram from Mrs. Ludwig von Mises, wishing success to the conference, which was read by Institute board member Burton S. Blumert.

Session III

The final session of the conference was chaired by Dr. Robert F. Hebert, professor of economics at Auburn and head of the department.

First, Dr. Joseph Salerno, assistant professor of economics at Rutgers University, discussed the gold standard and the international monetary system. Free, extensive, and prosperous trade among the nations of the world is facilitated by a gold standard, while our present monetary system is leading to trade restrictions, international tensions, and a lower standard of living for everyone.

Then Dr. Leonard Liggio, president of the Institute for Humane Studies, gave a rousing talk on the political constituencies for the gold standard in American history. He showed why Americans have always supported hard-money candidates over inflationist ones, if the choice has been made clear. And he also discussed the reasons why this would be true in the future.

The final talk came from Dr. Hans Sennholz, professor of

economics at Grove City College and chairman of the department. Dr. Sennholz, who — like the first speaker, Dr. Rothbard — studied under Professor Mises, discussed the untranslated monetary writings of Carl Menger, founder of the "Austrian" school of economics.

Menger was the prime intellectual mover behind his native country's adoption of a gold standard in 1892, and Dr. Sennholz showed the relevance of this to America's future.

But — noted Professor Sennholz — he was glad to be speaking at a conference of the Mises Institute of Auburn University rather than one named after Menger. Carl Menger, he said, correctly foresaw in the 1890s how incorrect monetary and economic policies would lead Europe into a disastrous war, a war which would destroy the classical liberal civilization he loved.

Menger, said Dr. Sennholz, responded by giving up, retiring early, and ending his scholarly career thirty years before his death. Professor Mises, on the other hand — despite obstacles and opposition that Menger did not face — was never daunted, but kept on writing, teaching and speaking out for liberty until the day he died. We should pattern our lives after Ludwig von Mises, said Dr. Sennholz.

An Evaluation

"When I first went to work on Capitol Hill five years ago as Congressman Paul's chief of staff," said Lew Rockwell, "almost no one outside of Dr. Paul's office was interested in the gold standard. How times have changed! (And most of the credit goes to Ron Paul.)

"Not a rarity now was the California Congressman who told me that he had been unconcerned about the gold standard in the past, but 'now I'm here to learn how to make sure we get one.' And the Institute has helped accelerate this process. A White House aide said, 'This is the greatest monetary ammunition our side has ever had.' The chief of staff of a major Congressional committee said, 'I think the Mises Institute has made a big difference up here.'

"Said a Treasury Department advisor: 'I'm impressed that the Federal Reserve sent one of its big guns to defend itself.' And a noted policy advisor told me the conference had helped to change his mind about gold.

"Will this conference make an immediate difference in policy? No, not after 70 years of Federal Reserve domination. But the Mises Institute has made a real difference in Washington's intellectual climate on this vital issue. Noted a senior Illinois Congressman: 'That's a tremendous achievement. Your members should be very proud.'"

The Economics of Freedom

Publications from the Mises Institute

Eugen von Böhm-Bawerk

The Exploitation Theory of Socialism-Communism (pb)

The classic refutation of Marxism.

List: \$6.00; members: \$4.80.

Value and Price (pb)

The nature of both.

List: \$6.00; members: \$4.80.

Roger W. Garrison

Austrian Macroeconomics (pb)

A diagrammatical exposition of Austrian principles.

List: \$1.00; members: \$.75.

F.A. Hayek

Capitalism and the Historians (pb)

How the early accomplishments of capitalism were distorted.

List: \$5.95; members: \$4.75.

The Road to Serfdom (pb)

The postware manifesto that started it all.

List: \$4.95; members: \$3.95

Henry Hazlitt

Economics in One Lesson (pb)

The best primer in economics.

List: \$5.95; members: \$4.75.

Israel M. Kirzner

Competition and Entrepreneurship (pb)

How a market economy functions.

List: \$7.95; members: \$6.35.

Perception, Opportunity, and Profit (pb)

The role of the entrepreneur in a free market.

List: \$9.95; members: \$7.95.

Carl Menger

Principles of Economics (pb)

The foundation of Austrian economics.

List: \$9.00; members: \$7.20.



Ludwig von Mises

Ludwig von Mises

The Anti-Capitalistic Mentality (pb)

Why some people hate freedom.

List: \$6.00; members: \$4.80.

The Austrian Theory of the Trade Cycle (pb)

How recessions and depressions occur.

List: \$5.00; members: \$3.00

Bureaucracy (pb)

The classic work on this subject.

List: \$6.95; members: \$5.50

Economic Policy (pb)

A good introduction to Mises.

List: \$5.95; members: \$4.75

Epistemological Problems of Economics (pb)

How to think about economics.

List: \$9.00; members: \$7.20

The Historical Setting of the Austrian School of Economics (pb)

How it all began.

List: \$5.00; members: \$3.00.

Human Action (hb)

His masterpiece — over 900 pages long.

List: \$37.50; members: \$29.00.

Nation, State, and Economy (pb)

A newly translated early work.

List: \$9.00; members: \$7.20

Notes and Recollections (hb)

Almost an autobiography.

List: \$9.95; members: \$7.95

Socialism (pb)

Why socialism can never work.

List: \$6.00; members: \$4.80

The Theory of Money and Credit (pb)

Why gold is free-market money.

List: \$6.00; members: \$4.80

Gold Conference Tapes

The Mises Institute's historic Capitol Hill Gold Standard Conference was professionally audio and video taped.

A packaged set of audio cassette tapes retails for \$75, but Institute members may purchase it for \$56, a 25% discount.

Video tapes list for \$40 per presentation, but Institute members may purchase any presentation, including the Ron Paul-Charles Partee debate, for \$30, also a 25% discount. (Please indicate whether beta or vhs on order blank.)

To order either audio or video tapes, please see page 7.

A Special Seminar on Banking and the Federal Reserve

Few Americans understand the workings of the Federal Reserve and the banking system it regulates, yet the Fed holds life and death power over the American economy.

Even the CIA is audited by Congress's General Accounting Office — but not the Fed. It controls the money supply, and therefore inflation, interest rates, and the economy, in almost total secrecy.

President Andrew Jackson called the Fed's predecessor "the Monster," and Americans afflicted with high interest rates and the coming inflation may agree that's a good name for its successor.

Now, for the first time, America's outstanding expert on banking, money, and the Federal Reserve will outline in a private seminar for Mises Institute members the origins of the Fed (and who was responsible for its establishment); how it causes inflation, high interest rates, recessions, and depressions; who benefits from its existence; its non-public workings; and whether it should be replaced with a gold standard. And this informal seminar will allow plenty of time for questions and discussion.

Tickets for his outstanding seminar (which include breakfast and a free autographed copy of Dr. Rothbard's new \$20 book on the Fed) are \$125. Members of the Institute and people attending the dinner in honor of Mrs. Mises may participate for \$90, however, a 28% discount.

Seminar Schedule

8:30 am:	Continental Breakfast
9:00 am:	"The Origins of the Federal Reserve"
11:00 am:	"How the Federal Reserve Operates"
Noon:	Luncheon Break
2:00 pm:	"Why We Need To Abolish the Fed"
3:15 pm:	"Why We Need a Real Gold Standard"
4:00 pm:	Adjournment
7:00 pm:	Gala Reception and Dinner in Honor of Mrs. Ludwig von Mises (see page 2)

Please see page two for more information on the Rothbard Seminar and the gala dinner in honor of Mrs. Ludwig von Mises.



Professor Murray N. Rothbard at the Gold Standard Conference.

Murray N. Rothbard

Murray N. Rothbard is professor of economics at New York Polytechnic Institute, and editor of the Mises Institute's *Journal of Austrian Economics*.

He received his BA, MA, and PhD from Columbia University and he studied under Ludwig von Mises at New York University.

The author of many outstanding works in Austrian economics — such as *America's Great Depression*, *Power and Market*, and *Man, Economy, and State* — Dr. Rothbard's newest book is a revealing history of American banking and the Federal Reserve entitled *The Mystery of Banking*.

A humorous and engaging lecturer who can make the most complex topic easily understandable, Dr. Rothbard will present a free autographed copy of his new book on the Fed (retail price: \$20) to each seminar participant.