

# the Austrian

A PUBLICATION OF THE MISES INSTITUTE



MISESINSTITUTE

Vol. 8, No. 3  
May–June 2022

## Inflation

**How Economists,  
Politicians, and  
Central Bankers  
Got It Wrong**  
by Robert P.  
Murphy



**A Conversation  
with Famed Investor  
Jim Rogers**

**Liberalism and  
Illiberalism in the  
Twenty-First Century**

PEYTON GOUZIEN  
INTERVIEWS JEFF DEIST

# the Austrian

A PUBLICATION OF THE MISES INSTITUTE

- 3** Jeff Deist – From the Publisher
- 4** Inflation: How Economists, Politicians, and Central Bankers Got It Wrong
- 8** What Is Wrong with the Fed’s Inflationist Policy?
- 12** A Conversation with Famed Investor Jim Rogers
- 18** Liberalism and Illiberalism in the Twenty-First Century
- 27** Upcoming Events
- 28** Austrian Economics Research Conference
- 30** Mises Meetup in Birmingham
- 31** 40th Anniversary Supporters Summit
- 32** Photos, Mementos, and Memories
- 34** New Translations
- 34** E4B
- 35** Mises University

Published 2022 (six times per year) by the Mises Institute under the Creative Commons Attribution-Non Commercial 4.0 International License.  
<http://creativecommons.org/licenses/by-nc/4.0/>

Publisher: Jeff Deist

Managing Editor: Judith F. Thommesen

Design/Layout: Jonathon Stone

Contributing Editors:

Tho Bishop

David Gordon

Ryan McMaken

MISES INSTITUTE

518 West Magnolia Avenue

Auburn, AL 36832-4501

334.321.2100 | Fax: 334.321.2119

[contact@mises.org](mailto:contact@mises.org) | [mises.org](http://mises.org)

The Mises Institute is a nonprofit organization. Contributions are tax-deductible to the full extent of the law.

Note: The views expressed in *The Austrian* are not necessarily those of the Mises Institute.



jeffdeist@mises.org  @jeffdeist

# From the Publisher

## Jeff Deist

*Fiat inflation is a juggernaut of social, economic, cultural, and spiritual destruction.*

—Guido Hülsmann,  
*The Ethics of Money Production*

All of a sudden everyone is an expert on inflation. Your brother-in-law, your local paper, and even dilettantes at dubious outlets like the *Washington Post* or *The Atlantic* feel compelled to explain our current predicament. With the admitted rate of consumer price inflation running somewhere around 8 percent, and the real rate much higher, even central bankers can't hide the reality from us. So the commentariat has to explain to us why this is happening and make sure we blame the mysterious workings of capitalism for our troubles.

In other words, economics is back. Covid was a nice diversion, and Ukraine took up all the media's oxygen for a few months. But now we must deal with the economic devastation caused both by lockdowns and two years of crazed fiscal and monetary policy. Everyday Americans, stubborn as they are, care more about rising gas and food prices than the political class would like. So they trot out Nancy Pelosi to explain how government spending actually reduces inflation and push pseudo-economic ideas like modern monetary theory to explain why more federal spending is always the cure.

Thus our cover article features Dr. Robert Murphy performing a very important public service by punching holes in the inflation narrative. By the way, Bob's series of articles on the Fed, now published as a book called *Understanding Money Mechanics*, is a must read for anyone interested in inflation and the incendiary schemes proposed to fight it. You can order it from our bookstore or read it free at [mises.org](https://mises.org)!


As Bob explains, Keynesian demand-side true believers—led by Paul Krugman—spent 2021 insisting inflation was not happening, that it was transitory if it was happening, and that even if it's permanent, nobody could have predicted it.

Monetarists like Scott Sumner, meanwhile, essentially support free markets except when it comes to money. They were busy predicting a “golden age” for Fed policy right up until the covid crisis, praising the Fed for having solved the business cycle (where have we heard that before?). But all of this vaunted central bank “independence” and technical expertise went out the window in March 2020, just as it did in the terrible fall of 2007. And so, when faced with the reality of a political Fed that abandons monetary “rules” at the first sign of trouble, market monetarists retreated to their comfort zone: a big drop in (nominal) GDP is by definition the Fed's fault, unless it's the market's fault!

Speaking of the Fed, our David Gordon is back with a review of a book that is making a big splash in money circles. *The Lords of Easy Money: How the Federal Reserve Broke the American Economy*, by journalist Christopher Leonard, is a thoroughgoing critique of the subversive power of our central bank. And it's a welcome critique by a writer from the Left who understands the untoward benefits monetary policy creates for politically connected commercial banks. In this sense Leonard inadvertently approaches both the Cantillon effect and Mises's dictum that money is never neutral. But while his description of the Fed as a huge engine of crony privilege is spot on, his prescriptions are wrong. He argues for strengthening the fiscal institutions of Congress, the White House, and state governments, which he bizarrely imagines are “democratically controlled” unlike central banks. But all considered, Leonard has provided a needed and well-researched gateway argument for those who don't share our political views.

You'll also enjoy my quick interview with the great investor and storyteller Jimmy Rogers. Rogers grew up in tiny Demopolis, Alabama, and managed to make his way to Yale, Oxford, and across the world multiple times before landing in Singapore. He's also a big fan of Austrian economics and a clear-eyed realist regarding the folly of state planning. His advice for young people is particularly apt today.

Finally, our young friend and Mises U alum Peyton Gouzian and I discuss the big questions of liberalism and illiberalism in the twentieth century in a Q&A, with an eye toward the implications for the twenty-first century. Will the West choose the liberalism of Mises—rooted in property and self-determination—or the ersatz version of Hillary Clinton, promising self-actualization and global governance? It's a question worth asking today more than ever.

As always, thank you for your support and engagement. 

---

Jeff Deist is president of the Mises Institute.

# Inflation

## How Economists, Politicians, and Central Bankers Got It Wrong

by Robert P. Murphy

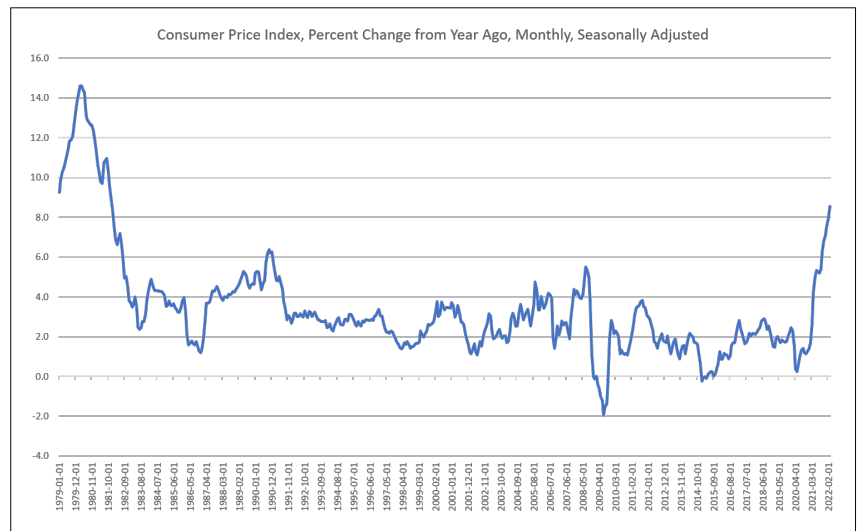


**Robert P. Murphy** is a Senior Fellow with the Mises Institute. He is the author of numerous books: *Contra Krugman: Smashing the Errors of America's Most Famous Keynesian*; *Chaos Theory*; *Lessons for the Young Economist*; *Choice: Cooperation, Enterprise, and Human Action*; *The Politically Incorrect Guide to Capitalism*; and *Understanding Bitcoin* (with Silas Barta), among others. He is also host of *The Bob Murphy Show*.

[bobmurphy@mises.com](mailto:bobmurphy@mises.com)

[@BobMurphyEcon](https://twitter.com/BobMurphyEcon)

The government's latest report puts the twelve-month official consumer price inflation rate at 8.5 percent, the highest since December 1981:



As economists debate the causes of, and cure for, this price inflation, it's worth recounting which schools of thought saw it coming. Although individuals can be nuanced, generally speaking the Austrians have been warning that the Fed's reckless policies threaten the dollar. In contrast, as I will document in this article, two of the

leaders of the Keynesian and market monetarist schools didn't see this coming at all.

### **My Worst Professional Mistake**

Before diving into it, I need to address a problem: my hands-down worst professional mistake occurred during the early years of the Fed's "QE" (quantitative easing) programs, when I made bets on (consumer price) inflation with two economist colleagues. I ended up losing those bets and thereby gave Paul Krugman the opportunity to lecture me on my intellectual dishonesty because I clung to my (ostensibly falsified) Austrian model even after my prediction blew up in my face. Indeed, if you check out my Wikipedia entry, you'll see that apparently my life story is that I was born, got my PhD, and lost an inflation bet—in that order.

Ever since the rounds of QE failed to yield surging consumer price inflation at the scale some of us warned of, the Keynesians and market monetarists understandably ran victory laps, saying that they were to be trusted over those permabear Cassandra Austrians. (To be sure, the market monetarists were far more civil about it than the prominent Keynesians.) So it is not with gloating or vindictiveness that I write the present article, but rather I do it to set the record straight and document for posterity that the leading Keynesians and market monetarists totally missed this bout of price inflation.

### **The Keynesians Camp: Paul Krugman and Klaus Schwab**

Let's do the fun one first: Paul Krugman has not fared well in light of our current inflationary experience. As late as June 2021, Krugman wrote an article in the *New York Times* titled "The Week Inflation Panic Died." Here are some key excerpts, with my bold added, and keep in mind that when Krugman wrote this, the most recent Consumer Price Index (CPI) inflation rate was only 4.9 percent:

Remember when everyone was panicking about inflation, warning ominously about 1970s-type stagflation? OK, many people are still saying such things, some because that's what they always say, some because that's what they say when there's a Democratic president....

**But for those paying closer attention to the flow of new information, inflation panic is, you know, so last week.**

Seriously, both recent data and recent statements from the Federal Reserve have, well, deflated the case for a sustained outbreak of inflation ... [T]o panic over inflation, you had to believe either that the Fed's model of how inflation works is all wrong or that the Fed would lack the political courage to cool off the economy if it were to become dangerously overheated.

**Both beliefs have now lost most of whatever credibility they may have had....**

The Fed has been arguing that recent price rises are similarly transitory ... The Fed's view has been that this episode, like the inflation blip of 2010–11, will soon be over.

**And it's now looking as if the Fed was right ...**

.... Monetary doomsayers have been wrong again and again since the early 1980s, when Milton Friedman kept predicting an inflation resurgence that never arrived. Why the eagerness to party like it's 1979?



To be fair, government support for the economy is much stronger now than it was during the Obama years, so it makes more sense to worry about inflation this time around. **But the vehemence of the inflation rhetoric has been wildly disproportionate to the actual risks—and those risks now seem even smaller than they did a few weeks ago.**

Of course, Krugman’s confident dismissal of those Biden-hating doomsayers blew up in his face, as CPI inflation kept ratcheting higher and higher. In a December 2021 *NYT* column, Krugman threw in the towel and admitted he had been wrong, but in his own special way (again, with my bolding):

The current bout of inflation came on suddenly.... Even once the inflation numbers shot up ... **Many economists—myself included—argued that the surge was likely to prove transitory. But at the very least it’s now clear that “transitory” inflation will last longer than most of us on that team expected....**

... I believe that what we’re seeing mainly reflects the inherent dislocations from the pandemic, rather than, say, excessive government spending. **I also believe that inflation will subside over the course of the next year and that we shouldn’t take any drastic action.** But reasonable economists disagree, and they could be right....

The latest projections from board members and Fed presidents are for the interest rate the Fed controls to rise next year, but by less than one percentage point, and for the unemployment rate to keep falling.

Perhaps surprisingly, my own position on policy substance isn’t all that different from either Furman’s or the Fed’s. I think inflation is mainly bottlenecks and other transitory factors and will come down, but I’m not certain, and I am definitely open to the possibility that the Fed should raise rates, possibly before the middle of next year....

Maybe the real takeaway here should be how little we know about where we are in this strange economic episode. **Economists like me who didn’t expect much inflation were wrong, but economists who did predict inflation were arguably right for the**

**Of course, Krugman’s confident dismissal of those Biden-hating doomsayers blew up in his face, as CPI inflation kept ratcheting higher and higher.**

**wrong reasons, and nobody really knows what’s coming.**

For those keeping score at home, remember that when I pointed out that Keynesians Christina Romer and Jared Bernstein had been notoriously wrong in their forecasts of unemployment following the Obama stimulus package, Krugman told us that “some predictions matter more than others.” So this time around, Krugman can’t argue that his botched inflation predictions are irrelevant. Instead, as we see above, he’s claiming that his opponents were right but for the wrong reasons. Even when Krugman is wrong, he’s still better than his enemies!

And for the sake of completeness, let’s reproduce this quotation from Klaus Schwab (who has doctoral degrees in both economics and engineering) and Thierry Malleret in *COVID-19: The Great Reset*. Writing in July 2020, Schwab and Malleret claimed:

At this current juncture, it is hard to imagine how inflation could pick up anytime soon.... The combination of potent, long-term, structural trends like ageing and technology ... and an exceptionally high unemployment rate that will constrain wages for years puts strong downward pressure on inflation. In the post-pandemic era, strong consumer demand is unlikely. (p. 70)

So when he’s not plotting to take over the world, Klaus Schwab is making erroneous inflation predictions.

## The Leader of the Market Monetarists, Scott Sumner

As I said earlier, the market monetarists are far more civil than Krugman, Brad DeLong, and some other leading Keynesians. (And as far as I know, they're not bent on world domination either.) But to repeat myself: since 2008, the one trump card the market monetarists had in their rivalry with the Austrians was that many of us prematurely warned about consumer price inflation à la the 1970s, whereas the market monetarists relied on TIPS (Treasury inflation-protected securities) yields and other market indicators to reassure their readers that inflation wouldn't be a problem.

In that context, then, it's very interesting that Scott Sumner, founder and leader of the market monetarists, wrote a blog post entitled, "Fed Policy: The Golden Age Begins," in January 2020. Here are the key excerpts, with my bold:

**We are entering a golden age of central banking, where the Fed will become more effective and come closer to hitting its targets than at any other time in history. Over the next few decades, inflation will stay close to 2%** and the unemployment rate will generally be relatively low and stable. And this certainly won't be due to fiscal policy, which is currently the most recklessly pro-cyclical in American history.

**... Fed policy is becoming more effective because it is edging gradually in a market monetarist direction....**

If they continue moving in this direction, then NGDP [nominal gross domestic product] growth will continue to become more stable, the business cycle will continue to moderate, inflation will stay in the low single digits, and unemployment will stay relatively low and stable.

It won't be perfect; the business cycle is not quite dead. There will be an occasional recession. But the business cycle is definitely on life support....

As an analogy, when I was young I would frequently read about airliners crashing in the US.... My daughter is a junior in college and doesn't recall a single major airline crash in the US, excluding a couple of small commuter planes in the 2000s....

**After each crash, problems were fixed and planes got a bit safer.**

**Recessions and airline crashes: They are getting less frequent, and for the exact same reason.**

Before closing, let me deal with the obvious response from the market monetarist camp: They could defend Sumner's claims by arguing that the Fed only strayed from the ideal path because of covid. Well, sure, but Sumner was still wrong for placing so much faith in central bankers and their "independence."

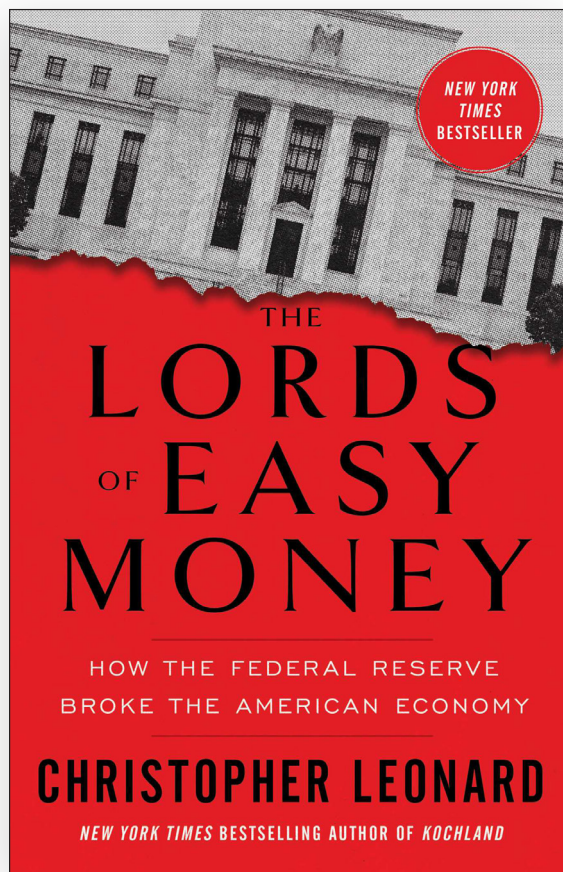
Furthermore, as I explain in my chapter on market monetarism in *Understanding Money Mechanics*, Sumner's criterion of "NGDP growth" as a measure of tight or loose policy is almost a tautology. It is close to me arguing, "We will continue to see rising prices because of the Fed's reckless policies, unless demand growth subsides, in which case we won't." ■■■



# WHAT IS WRONG WITH THE FED'S INFLATIONIST POLICY?

DAVID **GORDON**  
REVIEWS

The Lords of Easy Money: How the Federal Reserve  
Broke the American Economy  
by Christopher Leonard  
Simon and Schuster, 2022  
viii + 373 pp.



Christopher Leonard's book brings to mind the familiar line from Faust: "Two souls, alas! dwell in my breast." Leonard offers a penetrating criticism of the Fed's vast expansion of the money supply, which has won for him praise from the noted hard-money advocate and friend of the Mises Institute James Grant. Leonard is a well-known journalist and has engaged in extensive research on the Fed, in particular on the papers of Thomas Hoenig, for many years vice president of the Federal Reserve Bank of Kansas City, and the extensive notes in the book show how assiduous he has been in his research.

Why, then, do I suggest with my opening quotation that there is a problem with the book? We can best answer this question by asking another question: What is wrong with the Fed's inflationist policy? Two responses immediately suggest themselves. Both are correct, and both are endorsed by Leonard. First, inflation disrupts the economy, in particular causing business cycles through bank credit expansion, and the possibility of hyperinflation and the collapse of the monetary system can never be dismissed. Second, efforts by the Fed to revive the economy through inflation usually wind up giving large subventions to rich people whose firms are bailed out because they are "too big to fail." The Fed thus widens the gap between the rich and the poor.

But if both of these answers are right, and both are stressed by Leonard, our question recurs: Why is there a problem with the book? The answer, I suggest, is that Leonard sometimes overemphasizes the second answer at the expense of the first. Sometimes, though



fortunately not always, he seems to be suggesting that a government-controlled economy, so long as the “people” through a democratic election support it, is perfectly all right. The real menace is that the rich “fat cats” run monetary policy to their advantage and the common people’s detriment.

Speaking of the New Deal, he says: “The largest burst of fiscal action in U.S. history happened after the Great Depression and the election of Franklin Delano Roosevelt in 1932. Over the following decade, Roosevelt and a Congress with huge Democratic majorities passed a set of sweeping and interlocking laws that came to be known collectively as the New Deal. This is important to consider because of the effect it had on the economy and its arrangement of winners and losers. The New Deal laws empowered labor unions, broke up or regulated big monopolies, created the first transparency laws for Wall Street, and put the banking system on a tight leash. The New Deal was confrontational. It antagonized powerful interests, and it took away their power.”

For Leonard, “fiscal policy” is highly desirable, and the increase of the Fed’s power is bad because it reduces the importance of government spending in controlling the

economy. “On one side of the divide there is monetary policy, controlled by the Federal Reserve. On the other side, there is fiscal policy, which belongs to the democratically controlled institutions like Congress, the White House, and state governments. Fiscal policy involves the collection of taxes, the spending of public money, and regulation. America’s ability to conduct fiscal policy deteriorated slowly over the years as the Fed’s ability to conduct monetary policy strengthened. . . . But the one important fact about the deterioration of executive and legislative power is that it was not inevitable. For at least a century or so, fiscal policy led the way in America, and the Fed, with its money-printing power, followed.” It is clear that Leonard longs for a return to those palmary days.

Despite this failing, Leonard’s book contains many insights, and it is easy to see why James Grant praises it. One of the most important of these insights comes from Hoenig, who served on the Federal Open Market Committee (FOMC), which sets targets for the short-term interest rate, under Alan Greenspan and Ben Bernanke. Hoenig favored a restrained course of action, urging “that the Fed should focus on both of the inflation cousins, asset inflation and price inflation. It was true that detecting out-of-control asset inflation was more difficult than detecting price



inflation. And asset inflation was harder to stop without disrupting markets and making prices fall. But the results of asset inflation were devastating. When asset prices eventually corrected, and they always did, it caused massive financial instability.”

This point is especially valuable in response to critics of the Austrian theory of the business cycle, who in past years have said to us, “Where are the rising prices that you say an expansionary monetary policy generates? You have for years predicted disaster, but the boom continues with prices that



remain relatively stable.” Paul Krugman and others of his ilk directed such inquiries to us in mocking tones, and they are sufficiently answered by Leonard; the effects of expansion appear in asset inflation. But of late, as prices rise rapidly, the mockers laugh at us no more. Gone are the days when the insanities of Modern Monetary Theory were solemnly treated as live options.

Hoenig’s warning about asset price inflation was set within a larger context. The Fed should take account of “long and variable lags,” rather than act only to cope with a perceived emergency. Expanding the money supply may temporarily avoid a crash, but the long run should not be ignored. This warning is better than nothing, but it misses the fundamental point that the Austrian school emphasizes. The depression is the corrective phase of the business cycle, and the government should allow the market to liquidate the malinvestments caused by bank credit expansion. Of this neither Hoenig nor Leonard has a glimmering.

The limitations of Hoenig’s approach are evident in his reaction to Fed policy during the 2008 crash. Despite it being seemingly contrary to his principles, he supported the Fed’s vast expansion of the money supply. After all, when faced with a sufficiently great emergency, the Fed must act! As Leonard explains, “During the bailouts of 2008, the Fed printed nearly \$875 billion. It more than doubled the monetary base in a matter of months .... In just a few months after the stock market crash of September, the Fed’s balance sheet grew by \$1.35 trillion, more than doubling the assets it already had on its books. All of this was done with the understanding that these were emergency actions, an extraordinary attempt to confront an extraordinary danger. The financial panic of

**Expanding the money supply may temporarily avoid a crash, but the long run should not be ignored. This warning is better than nothing, but it misses the fundamental point that the Austrian school emphasizes.**

2008 threatened to plunge the global economy into a deep depression. . . . The Fed stepped in, as it had been designed to do, and short-circuited the panic. Tom Hoenig voted to support each and every one of these actions when they were presented to the FOMC in a series of emergency meetings. He believed that this was the Fed’s job.”

Hoenig’s differences with Bernanke’s Fed came later. The Fed’s “quantitative easing” continued even though the emergency had passed. Even though Bernanke and his colleagues were well aware of the consequences, it was too difficult for the Fed to end the policy, as doing so would lead to setbacks for those who had come to rely on the Fed’s largesse. Here Hoenig drew the line.

Hoenig is the book’s hero, but he is matched with an antihero. “Jay Powell entered this debate from a position that was quite close to Tom Hoenig’s. Both gave voice to the idea that the Fed was a highly imperfect engine to drive economic growth in America. Hoenig’s critiques drew from his decades of experience at the Fed. Powell’s critiques drew on his decades of experience in private equity, and he used hard data and interviews with his industry contacts to make his critique of QE both specific and alarming. Both men warned about the way that the Fed was stoking asset bubbles as it chased relatively small gains in the labor market. But this was where the similarities ended between Powell and Tom Hoenig. Powell, for all his critiques, never cast a dissenting vote. And Powell, unlike Hoenig, started to soften his criticism, and he ultimately came to embrace the policies he once criticized inside the FOMC’s closed meetings. When this happened, Powell’s star began to rise.” In brief, Powell sold out for “power and pelf,” as Murray Rothbard used to say.

Leonard has depicted very well the Fed’s policy of reckless monetary expansion. But we should not, as he wants, deal with this policy by requiring the Fed to follow strict rules and by subjecting banks to greater federal supervision, meanwhile hoping for a savior in the style of Franklin Roosevelt. We should instead follow Ron Paul, who “was pushing a movement to audit the Fed, giving the public a chance to better scrutinize and govern the central bank.” Dr. Paul’s program can be stated more succinctly and accurately than this: End the Fed! ■■■





# A Conversation with Famed Investor Jim Rogers



James Beeland Rogers Jr. is an American investor and financial commentator based in Singapore. Rogers is the chairman of Beeland Interests Inc. He cofounded the Quantum Fund and Soros Fund Management. He also created the

Rogers International Commodities Index. Rogers does not consider himself a member of any school of economic thought, but the Austrian school comes closest. He was also a supporter of Ron Paul's presidential bid.

[@iamjimrogers](https://twitter.com/iamjimrogers) [jimrogers.com](http://jimrogers.com)

**Jeff Deist:** It's a pleasure to speak with the famed investor Jimmy Rogers. How are you doing, sir?

**Jim Rogers:** I'm delighted to be here, Jeff. I'm a fan of the Mises Institute.

**JD:** You live in Singapore. How did you and your family fare during the last two years of covid?

**JR:** Well, Singapore first took the approach of not doing very much. Then they more or less locked down—which in my view backfired. In recent days, travel in Singapore is opening up again and restaurants are opening. Life may be coming back to some kind of normalcy. I would have taken a more free market approach, but we'll know in a few years who was right and who was wrong.

**JD:** You were definitely right! But as an aside, some of our readers may not know you grew up in Demopolis, Alabama.

**JR:** Of course, yes, right down the road . . . well, sort of down the road from Auburn. In fact, I'm going there for my high school reunion soon.

**JD:** It seems like a long way from Demopolis to Yale and Oxford. How did you manage that?

**JR:** It was purely an accident; it was a mistake, I can assure you, and when I got to Yale I thought, "Oh my gosh, this is a mistake. What am I doing here?" I was so in over my head, but I pulled it off and I survived and did OK. I was in a club; Yale for some reason gave

## I came to the realization that open markets or open societies were much better than letting people tell others what to do.

a scholarship to a member of that club and I applied. What did I know? I certainly didn't know what I was getting into, but I applied, and lo and behold, I got the scholarship. Then I had to go.

**JD:** I suspect most of your classmates were from the Northeast rather than the Deep South.

**JR:** Yale in those days, and even more so now, is very international. In my class at Yale, out of a thousand boys, there were five people from Alabama.

**JD:** We'll take five! Not bad.

**JR:** Needless to say, in those days Yale was still single gender. I was a geographic distribution. When Yale looked at the map, they couldn't find Demopolis. My phone number was 5, so they said, We got to take this guy. We need somebody from Demopolis, whose phone number is 5.

**JD:** I noticed after you graduated and began working on Wall Street, you entered the US Army. This was during the Vietnam era. Were you drafted?

**JR:** In days of the Vietnam War, my draft board was Marengo County, Alabama. It was one lady. She had two sons who were drafted and killed in the Second World War, so no matter who you were, you were going to serve. I was about to be drafted anyway, and so I went to Officer Candidate School.

**JD:** Our perception today is kids from Yale working on Wall Street don't end up in the army anymore.

**JR:** Well, they don't have a draft board! In my case, it was either vengeance or patriotic duty, but nobody could escape the lady in Marengo County.

**JD:** You worked closely with George Soros in the 1970s. Is it strange now to think of him as an avatar, a controversial symbol for both sides of the political aisle in the West? Was he just a regular guy then?

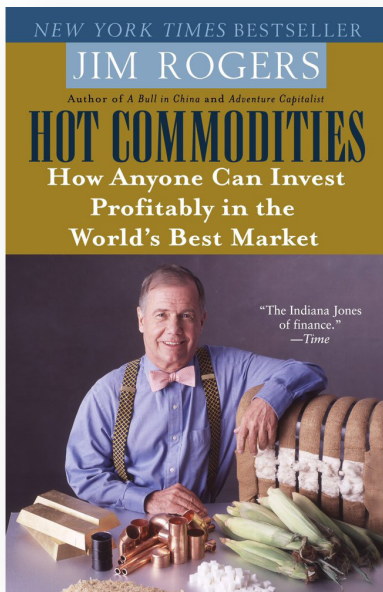
**JR:** Well, Jeff, I haven't seen or spoken to Soros in forty-two years. You might as well ask me about my first wife.

**JD:** I won't do that.

**JR:** Do you want to ask about my first wife? I haven't had any contact with her for many years either.

**JD:** I'm sure she has some questions for you! But we'll forget Soros and fast-forward. In your early years on Wall Street, had you already discovered economists like Mises? How did that happen?

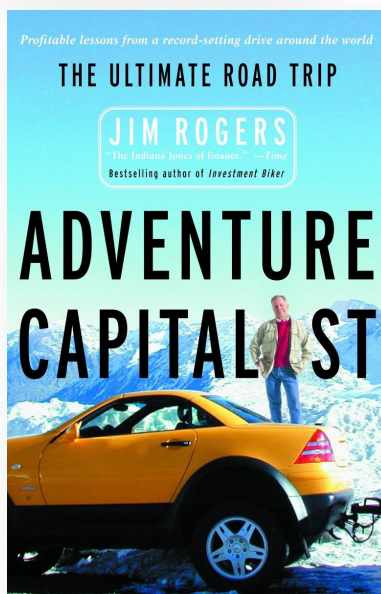
**JR:** Early in my life, it was a natural process, I came to the realization that open markets or open societies were much better than letting people tell others what to do. I realized from enough reading of history or philosophy that mankind, markets, societies could figure it out better than a bunch of guys sitting in a central office somewhere, telling us all what to do. I came to that on my own. Having grown up in Demopolis, where there was nobody to tell you what to do, it was pretty clear. And when I got to Yale in New Haven, they had an entirely different view of the world than I did having grown up in the backwoods of Alabama. And I came to this as a natural process of reading philosophy, economics, or whatever it was. Ever since I read Mises and other people



like that, it was clear to me that open economies and open societies were the best way.

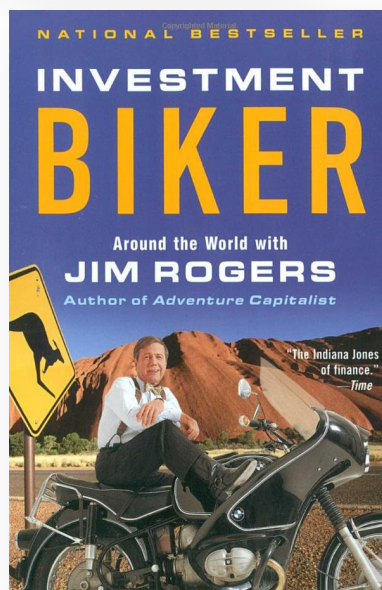
**JD:** Do you think Mises and other economists helped you in your business life, in your investing career?

**JR:** Well, Mises never gave me any hot tips! He never gave me any stocks to buy [laughing]. So in that regard, maybe not. But certainly knowing how the world works and knowing that too much regulation and control will hurt an economy or an industry—this gave me a philosophical basis to help me make decisions and have a thought process. I have gotten involved with investing in countries where nobody else would invest, because I could see the changes taking place as they opened up their economies. That was always the focus of my thought process. More philosophy than specifics.



**JD:** What about monetary policy? Has your view of money changed with all the extraordinary things central banks did after the '07 crash—and now in response to covid? Has any of this changed your thinking in the sense we are in uncharted territory?

**JR:** Well, that's all the same process. I know that the market is smarter than Alan Greenspan. Alan Greenspan was chair of the Fed in the US for a long time. I know that the market is certainly smarter than most central bankers we've had in the world and certainly most Treasury officials we've had. That knowledge comes from experience and reading. I know, and I've seen it in enough countries around the world, Jeff, to know that markets make many mistakes—but markets make fewer mistakes than Janet Yellen. Janet Yellen has two Ivy League degrees, but Ivy League degrees don't mean she is always right.



**JD:** I worked for Ron Paul when your book *Hot Commodities* came out in 2005. Do you still agree with the central thesis in that book, that the future is bullish for investments in tangible things? Given inflation today, it seems the case for commodities might be stronger than ever.

**JR:** Well, the thesis of that book was that there were no books about commodities or, if there were, we couldn't find them! I was trying to explain the commodities market. It was not a book of hot tips. It was just explaining about markets and how you invest. The subtitle was "How Anyone Can Invest Profitably in the World's Best Market." It was a how-to book rather than a book of hot tips. That part of the thesis is still accurate. If you want to invest in gold, you gotta know how to do it. I happen to be optimistic about commodities right now and have been for a while, but that's not always the

case, as I explained in the book. Commodities have long periods when things are great. They've also had long periods when things have been very bad, so it's not just a question of knowing how—you have to know when. That's the hard part.

**JD:** One critique of Austrians is all about timing—economics per se can't explain when, only why.

**JR:** I would dispute that. It's back to what I said before: it's a way of thinking and a process and a philosophical approach. That's how Austrians can teach you how to think and teach you how the world works or should work. When the world doesn't work that way—for instance, the former Soviet Union didn't work—we understand why. I could remember the first time I went to Russia and the Iron Curtain countries. I came away saying, "This will never work. This cannot work." And so it happened. We had the right approach, and the Soviets had the wrong approach. But I came to that conclusion by just knowing or thinking I knew how the world worked. Did Austrians teach me that? No, but my knowledge of how things should work, which is Austrian economics, made me realize the Soviet system could not work and would not work.

**JD:** For at least a decade the markets have been in thrall to tech, FAANG (Facebook, Amazon, Apple, Netflix, Google) stocks, and the digital world. I wonder if covid changed your perspective at all about commodities and the physical, analog world. Covid reminded us how important the old analog world is. We need energy, we need calories, we need medicine, we need food. All of it needs to come to us physically where we live. The market has to bring it to us.

**JR:** You need rice! There are a few billion people in the world who eat rice every day. I'm not sure that I needed the covid virus to teach me that. It certainly reinforced it and made it clear to all of us that we've got to have this stuff and we've got to get it somehow—and if we cannot get it, the price is going to go through the roof. Certainly covid made it worse, but this is the way the world works. This is how markets work.

**JD:** What are your thoughts these days on farmland, mining, natural resources? I know you've been a promoter of these sectors in the past. You've suggested farmers rather than investment bankers may be the rich guys in society soon enough.

**JR:** You can go back and look at history or literature. If you go back and read Russian novels, there were these really, really rich agricultural people—the count who has white horses and servants and everything else—and they were very, very rich and successful agricultural people. They were farmers. We've also had periods in history, like the 1930s in America, the Dust Bowl, where farmers were absolutely starving. The price of cotton went to a penny—a penny a pound—it was just unbelievably cheap. By the way, the price of cotton in 1861 went from a penny to over a dollar. I presume you know that was because of the Confederate cotton embargo. But in 1931 it went back to under a penny. So as I was saying before, there have been some great cycles in commodities, always have been, always will be. If one can get it right, one can make huge amounts of money in commodities, but if one gets it right, you can make huge amounts of money in just about anything!

**JD:** So, how do you focus your time these days? What's your primary day-to-day work?

**JR:** Well, I still invest my money. I have to because I have to pay my rent, but for many years, I never had children,



I never wanted children. I felt so sorry for my pathetic friends who had children. I had one. I was 60 when I had my first child, and I came to realize I'd been wrong about children all of my life. Now I have two, and they are a major focus for me. I want to spend as much time and energy on and with my children as I can. Anybody reading this who hasn't had children and you're at the right age, I urge you to go and have some children. It's a miracle.

**JD:** Are you still generally bullish on Asia? Do you still like living and working there?



Jim's motorcycle on display at the Barber Vintage Motorsports Museum in Birmingham, Alabama.

**JR:** We moved here because I came to the conclusion twenty-five or thirty years ago that China was going to be the next great country in the world, whether we like it or not. I wanted my children to speak Mandarin and to know Asia. That's why I came here, and it's worked. They both speak perfect Mandarin and they can use chopsticks [laughing]. They know what chopsticks are now, so they have learned a lot. I don't see anything to change the idea that Asia's going to be the most important part of the world in the next hundred years or so. It has certainly continued to happen that way. Everybody, most people, know that now that it's happening. Sure, there will certainly be setbacks. The United States became the most important country in the twentieth century, but along the way, we had many depressions, massacres in the streets, a civil war, we had many problems, and yet we became a great success. China's going to have plenty of problems, but I don't see anybody else on the horizon. The reason I came was to try to prepare my children for the twenty-first century. You can ask me in eighty years if I got it right.

**JD:** Presumably their English is pretty good too. English and Mandarin sounds like a good combination.

**JR:** They speak good English and they speak perfect Mandarin. It's astonishing, but Chinese TV networks invite my children to come to China to do specials about them because they're so shocked at their Mandarin. Not me, I speak no Mandarin. I'm still speaking Alabama English, but you know, my children speak proper English and they speak beautiful Mandarin.

**JD:** Some readers may know your 1994 book *Investment Biker*, which chronicles your travels around the world, and several emerging markets by motorcycle. The Barber Motorsports Museum in Alabama displays your old motorcycle from one of those trips, a 1988 BMW R100-RT?



## Figure out what you love and do it and learn another language and get yourself a motorcycle and drive around the world.

**JR:** That's exactly what it was. It was a fabulous bike, and that bike's had two major trips, one around the world and one across China a long time ago. I had a fantastic time on that bike, and it is in a museum in Alabama. George Barber had the good sense to have a rich grandfather and a very rich father, and George too is very rich, so he decided to build the world's greatest motorcycle museum, and he's done it. It's absolutely astonishing, with racetracks and everything else. Since I'm from Alabama, that seemed to be the logical place for that motorcycle to be, and there it is.

**JD:** And during those hundred thousand miles or so I assume you were dealing with a lot of flats and mechanical problems and such on your own in the middle of nowhere sometimes.

Final question for you. Anything you would like to say to our younger listeners today? Most of them are in the US, some are in Europe, some are in Asia or Central and South America. Many young people in their twenties are not particularly optimistic.

**JR:** I'll give you two very strong words of advice. One is learn another language, preferably Chinese or Spanish or something that's widely spoken. If nothing else, even if you don't use it very much, it will give you an inspiration and an understanding of other parts of the world, which is extremely important, certainly in the twenty-first century. But probably more important than that, Jeff, is figure out what you love, figure out what your passions are. Don't listen to your parents, don't listen to your teachers, don't listen to your friends. Figure out your own passion and pursue it, and if people laugh at you, you're really on the right track, you're really doing the right thing. Because someday you're going to be a very great success, and Jeff, even if you're not a great success, you won't care because you're happy. You're doing what you love. You wake up every day, you never

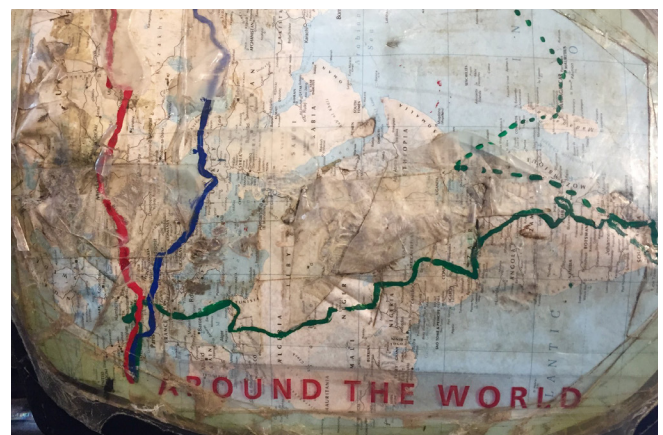
go to work, you just wake up and have fun. But those are also the people who are usually the most successful, because they're doing what they love and they have great fun. So, figure out what you love and do it and learn another language and get yourself a motorcycle and drive around the world. It would teach you a lot about yourself and about the world.

**JD:** And have some kids.

**JR:** Oh, have some kids, but be sure you're ready before you do it.

**JD:** Thanks so much for your time. We appreciate it.

**JR:** Let me tell you, I go to the Mises website whenever it pops up. There's all sorts of good stuff there. It's astonishing how much good stuff you guys put up there. I show it to my kids because I want them to know the astonishing range of information that's out there. You have a lot of it, and you certainly don't have the conventional wisdom. Nobody gets successful following the conventional wisdom, so keep it up. ■■■



Map of Jim's journey across Africa, Europe, and the Middle East at the Barber Vintage Motorsports Museum in Birmingham, Alabama.

# Liberalism and Illiberalism in the Twenty-First Century

PEYTON GOUZIE INTERVIEWS JEFF DEIST



*Repeal the 20th Century* is a podcast hosted by Peyton Gouzien, that discusses economics, history, philosophy, and politics from a libertarian, Austrian, and traditionalist perspective.

Peyton Gouzien is a political science major with a concentration in law

and institutions and a minor in law and philosophy at the University of Albany. He has been a state chair for the Young Americans for Liberty, published articles with the Libertarian Institute, and contributed to the *Mises Wire* and *Power and Market* blog. Peyton Gouzien is a Mises University alum.

[@repealthe20th](#)

**Peyton Gouzien:** Welcome to *Repeal the 20th Century*. I have a very special guest, Jeff Deist. For those who do not know, Jeff Deist is the president of the Mises Institute and hosts the Institute's *Human Action Podcast*.

I wanted to have you on, Mr. Deist, because I've seen you talk about how illiberal the twentieth century was, and as you know, the name of the podcast is *Repeal the 20th Century*, which is a direct quote from Murray Rothbard's "Strategy for the Right," in which he says, "Many critics of the Right say that what we want to do is repeal the twentieth century." And he says, "In fact, that is exactly what we want to do." Let's start with the grand overview of why you think the twentieth century is an illiberal century.

**Jeff Deist:** That's a tough one. We could be here all night. What we have to understand is liberalism as a word and as a concept have been bastardized terribly, and the same is true for libertarianism. We've got a couple of really loaded terms here. We'd like to think that libertarianism is the new word for liberalism. That's not entirely true, but let's just assume that it is. What we're talking about when it comes to liberalism is from the nineteenth century, not the twentieth. What Mises means in his book *Liberalism* and when he's writing about the nature of the state in *Socialism*, he really means liberalism. This is liberalism, this is early in the twentieth century when he's writing, so obviously, he's writing about the nineteenth century in the rearview mirror.

## The West in the twentieth century gave us central banking, income taxes, pension retirement schemes, the Great Society, and entitlement programs. It also gave us two horrific world wars.

The first mistake that so many people make is that they assume that the twentieth century was somehow some triumph of liberalism. Nothing could be further from the case. The West in the twentieth century meant central banking, it meant income taxes, it meant social security retirement schemes, and the Great Society and entitlement programs. It meant two horrific world wars. As far as the United States was concerned, it meant a terrible police action in Korea. We're still there seventy-odd years later, spending trillions of dollars throughout those seventy years. It meant a quagmire in Vietnam. And then toward the end of the twentieth century, under Bush the first, it meant a terrible foray into Kuwait and Iraq.

There's nothing liberal about any of that. And so, I certainly agree with Murray Rothbard in this idea that we ought to repeal those things. I think that's as good a dividing line as any between, let's say, a garden-variety, or Beltway, libertarian and a Rothbardian.

**PG:** Do you think the twentieth century was a liberal triumph or an illiberal disaster?

**JD:** That's a little grandiose, it's not quite that dramatic. Obviously there were very, very, very good things which happened throughout the twentieth century in technology and otherwise. We shouldn't paint it with too broad a brush, but if we're trying to come up with broad parameters for purposes of the conversation, I think that's a good place to start. And from my perspective, the twenty-first century has not started off with a bang, to put it mildly. The problem is that all of us get caught up in this idea that there's got to be new, new, new. There's got to be a new economics, there's got to be a new political theory. The only thing new is technology. That's the only thing new. There really is nothing new

under the sun when it comes to organizing human affairs or when it comes to human nature, a concept which our progressive friends basically reject. And when I say progressive friends, I mean of all stripes. There are libertarian progressives, left progressives, right progressives. A progressive is simply somebody who believes humans can and ought to be perfected to serve a broader collective or state purpose and that they're not fallen people. We can effectively be transhumans if we use enough technology and if we just get people over these stubborn old attachments they have to the old way.

So yes, I think the twentieth century ought to be viewed illiberally and the twenty-first century project ought to be "What can we do or undo from that period?"

The more I think about it, technology's obviously a double-edged sword. It's been a huge boon to mankind, and it's also been a huge threat to mankind, as when states get their hands on it. Yes, we ought to be using technology, we ought to be using privatization, we ought to be using private models of governance, but I think the twentieth century, especially if you view it through Hoppe's *Democracy: The God That Failed*, it gives us that ability today. When you move from aristocracy to democracy, that doesn't necessarily mean things get more liberal. Democracy doesn't do away with the problem of oligarchs, it just transfers it from maybe a hereditary monarch or another kind of aristocrat to a democratic bureaucratic managerial elite, and that goes beyond just government or the so-called deep state, the federal agencies. That dovetails with media and academia and popular culture and NGOs and religious denominations. It's broader than just the state.

But we have that wisdom the twentieth century affords

## Let's just say democracy is not the full and final form of governance. I'm not interested in government, but I am interested in governance, two very different things.

us that our grandparents didn't have, that Mises didn't have when he was praising democracy as allowing for the peaceful transfer of power. We do have that wisdom and that hindsight. So let's use it. Let's just say democracy is not the full and final form of governance. I'm not interested in government, but I am interested in governance, two very different things. And I think we can do far better in the twenty-first century if we get over some of our shibboleths: democracy, egalitarianism, and the idea that voting solves things. What I'm saying is that we don't have the excuse of ignorance with the twentieth century to guide us. We start there, and we begin to redefine liberalism away from its current use and toward looking in the rearview mirror, toward more of a nineteenth-century conception of the term, which was rigorously property and self-determination.

**PG:** You ran a Twitter poll in which you asked people, "Do you think the twentieth century was liberal or illiberal?" It is a very good line to use to separate the wheat from the chaff—in this case, the Rothbardians from the Beltway libertarians—in their view of the twentieth century. Another question to separate the wheat from the chaff, as it were, is "Are you antiwar or not?" If you're antiwar, then you can be convinced of positions, A, B, and C. If you're not, even if you agree with us on other things, it's predictive of really horrible positions.

Why do you think the twentieth century was illiberal or liberal and exposed the darker areas in so-called libertarians?

**JD:** That's a good question. I think economics is really just another term for society. And as a matter of fact, Mises thought about calling *Human Action*, "Social Cooperation." That was an alternative title for the book.

So, where libertarianism falls down is, first of all, it accepts a denuded idea of property rights and, second, it attempts to attach a whole host of left cultural precepts. In other words, property is really the basis of everything, even self-ownership. Because a human being has to stand somewhere, they have to occupy a square foot of earth. They presumably have to have clothes on their back against the elements. They need to have some sort of calories coming into their body. This is all property. When you start to try to relegate property to simply the realm of economics, it opens up a whole broader compartment to liberty, which is basically this bastardized concept of self-actualization. You're not free simply because you have property. You're free because the conditions exist in society which allow you to sort of self-actualize and be who you are and you don't have to have all these hang-ups from some church or your parents or grandparents judging you or this broader society. We need to get rid of authority figures, we need to flatten things out to be less hierarchical. You're not truly free, and you can veer from libertarianism into leftism if you say, "You're not truly free if you have to worry about your rent or housing, if you have to worry about food, if you have to worry about paying for education or healthcare, if you have to work"—all these things make you unfree.

And of course, that's basic Marx right there. Marx said, "Imagine if we were all freed of these day-to-day petty concerns about money." Well, then we'd all go out and be the poets and the artists and the dancers and the creative people deep within us, if we didn't have this workaday world. Can you imagine how incredibly crappy most people would be at poetry or art or dancing? There's a reason why very few people get paid to swing a golf club or dance in a ballet or perform in an orchestra.

Nothing wrong with a workaday job. It's the most admirable thing on earth, actually.

We like to think that left-right distinctions only apply to conservatives and liberals, but that's not really true. There's a left and right worldview, and it's in most of us. Whether it's hardwired or whether it's environmental, that's above my paygrade, I don't know. In most of us—now, there are outliers, there are exceptions to any rule—there's an instinctive, reflexive tendency to revere tradition, order, society, antiquity, whatever it might be, and be a little more suspicious about radical change.

Then there's the flip side, where people basically view the past as retrograde and racist. There's an inevitable happy arc to human history and we're always progressing forward and advancing, and by the way, we're becoming better people. Are you really better than your great-grandparents? I doubt very much you're tougher, and I doubt very much you've worked as hard.

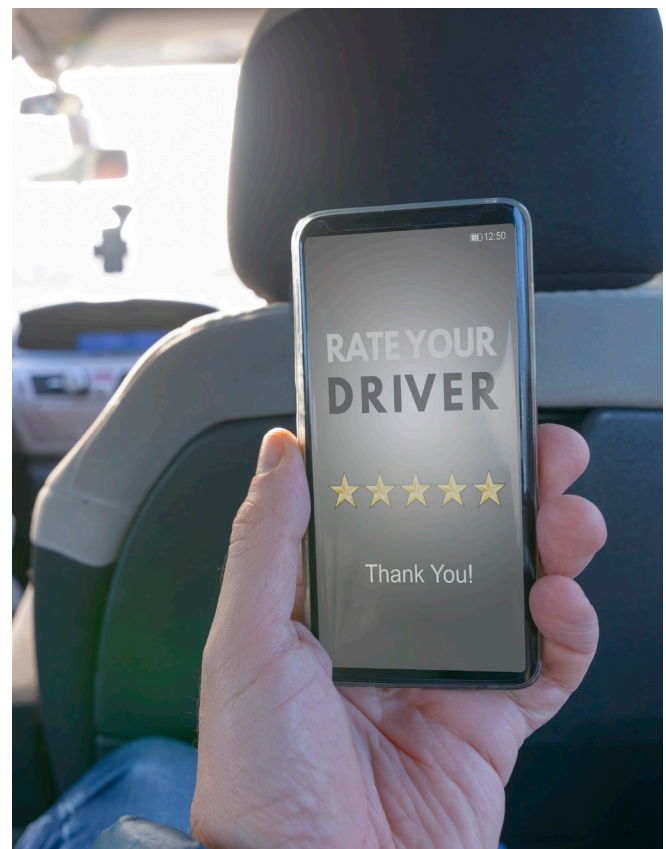
We take a lot of the material world around us for granted, but we're standing on the shoulders of a lot of generations before us that made that Starbucks on every corner and all this beautiful infrastructure and energy and transportation and buildings and travel and unbelievable food. All this stuff is possible because of the capital accumulation of previous generations, and capital accumulation is just another word for profit. Profit is the source of savings, and savings are the source of capital investment, and capital investment is the source of this wonderful material world around us, but not all of us. I mean, there are still billions of people on earth in the third world, for example, who don't have that. So, the project's not complete, and I'm not trying to argue it is, but what I am saying is that some people are wired a little more egalitarian or a little more traditional.

I do care about political liberty. I think political and economic liberty are necessary precursors for happy, prosperous people. I absolutely think political liberty is a worthy goal. But I'm not much interested in libertarianism per se, this idea that libertarianism is a thought process or a lifestyle or an identity. I don't really care about that. It can become a crutch, it can become a cul-de-sac where people waste a lot of time, and that certainly was true of myself in my twenties.

Libertarianism's interesting, but I think as an intellectual project, it's probably been taken about as far as it can

be taken. The idea of an an-cap society, what that would look like, some of the permutations of that, the theory behind that—you can go all the way back hundreds of years ago to Lao Tzu. You can go to the British Levellers, you can come forward to the twentieth century and have Linda and Morris Tannehill talking about private insurance providing security and police, etc. You have people like David Friedman, you certainly have Murray Rothbard, and then you have Hans-Hermann Hoppe, so I think the intellectual work, the scholarly work around libertarianism in its fullest expression, anarcho-capitalism, has already been done. I'm not sure there's all that much more to be said or done there.

What's far more interesting today is the applications of anarcho-capitalism. I think something like Uber coming along and operating in a gray market in cities—and before regulation could catch up to it, it was so popular that it was hard to ban—that's an interesting application of an-cap theory. You know, is it legal? Well, we'll see what happens. You know, there are interesting applications in money, like bitcoin. There are interesting applications going on with private societies, seasteading and that sort of thing. But, I think libertarianism as



an identity is probably fairly unwise for most people. I am for political and economic liberty, but the broader program is cultural and societal and civilizational, and that's pretty heavy lifting, I'm afraid.

**PG:** This does bring up a great question when it comes to libertarianism. Is it a political ideology, is it something that we apply to society, or is it a lifestyle that I live?

I'm interested in the specific ways in which the twentieth century has destroyed the institutions of political



liberty and economic liberty. What has been the most devastating thing in that regard that came out of the twentieth century?

**JD:** Well, probably public schools and the separation of children from parents for forty plus hours a week. That was certainly the camel's nose under the tent. If you read Rothbard, you'll recall that he hates John Dewey, the educational reformer of the late nineteenth and early twentieth centuries. Dewey exemplified this pietist puritanical need to control everything. And that's really at the heart of a lot of progressive policy. When you go back a hundred years, 120 years, and you have children scattered about, especially in the Western states, in small towns, being unschooled or schooled in a one-room schoolhouse with no set standards, not controlled by New York or Washington, DC. That was just anathema to the progressive pietist sensibility, and so, there came this push for not only public schooling, but very standardized public schooling with a federal overlay, which ultimately led to the creation of the Department of Education and standardized testing.

The second-biggest loss has got to be the statist corruption if not capture of religion. Virtually all mainline Protestant denominations, certainly the Roman Catholic Church, certainly most synagogues today: super woke, super lefty, basically promoting state idolatry, and most recently, promoting the covid narrative. That's a huge problem because hearts and minds used to be set with the family, with the community, maybe with the church, maybe with the school, but now those are captured top-down. That's one of the great tragedies, one of the great losses of America, along with all the wonderful things we got out of the twentieth century in terms of technology and material. Robert Putnam in *Bowling Alone* says it well: "the loss of any sense of community and also the loss

## Markets themselves are informed by all the information bound up in seven billion humans on earth waking up every morning and acting, presumably, for their own betterment.

of localism and regionalism, everything from dialects to different kinds of food around the country, different experiences.”

I live in the US South, I live in Auburn, Alabama, a college town, and you know, I like the idea of regional differences, as opposed to everywhere you go has this sameness to it. There’s a lot of things we’ve lost with modernity, and I think the general libertarian impulse is to join with progressives and say, “Well, that’s always good. That’s always and ever good, and the present is always better than the past and the future’s always better than the present.” And that’s true in many ways, but it’s also wrong in many ways. We can look back and say, “No, the family structure was better in America, including for black folks, in the 1940s, than it is today.” Well, that’s just a fact, Jack. I can’t say that, or I can’t even think that because that doesn’t comport with my always forward worldview. That’s just silly. We’re not blank slaters. Again, we have centuries of received wisdom and knowledge. It doesn’t start with Mises being born in the 1880s, it doesn’t start with Thomas Paine. You go back centuries, and I don’t think liberty means throwing that out with the bathwater at all.

That word, *libertarian*, should really be an adjective more than a noun. *Liberty*’s a noun. *Liberty* we can define as the absence of state coercion, which means the absence of a state. But *libertarian*, to me, ought to be a verb. In other words, “Jeff, are you a libertarian?” The term has been bastardized in recent years. I would say I have libertarian views on X. I think libertarianism tends to want to dispose of all the received wisdom and to always look forward, and that’s a mistake. Markets themselves are informed by all the information bound up in seven billion humans on earth waking up every morning and acting, presumably, for their own betterment. And

embedded in that is a lot of history and tradition and culture and all kinds of things that make people do what they do.

There’s a good distinction between two kinds of liberty, this kind of *homo economicus* trope, which is that under capitalism there is this grasping tendency amongst humans, and if you can make more money selling crack than being a heart surgeon, you’ll just give up being a heart surgeon and go sell crack. Well, that’s not the case. People have all kinds of motivations, and that’s why we understand ordinal utility instead of cardinal. It’s a big world out there and a long one, and a lot of libertarians don’t want to equip themselves with history and the knowledge that it provides.

**PG:** I think there is a growing sense in the liberty movement, of not liking the term *libertarian*. We see people calling themselves postlibertarians or rejecting the term *libertarian* in general, and that is because it’s been polluted and diluted. That comes from, as we were mentioning, the Beltways, the left libertarians, whatever term you want to use, viewing the twentieth century as a liberal triumph because we did have good things like technology. There was a satisfaction of material needs for many, many people. At the core, what exposes the difference is that that’s not all of it. That’s just two pieces of the puzzle.

I want to talk about other pieces of the puzzle like creating a single monolithic culture. Though there are holdouts, and some do reject it, we are a monolithic culture. Where do you see this going? Do you think that these holdouts are going to push back and be strong enough that we will see a return to family and community life? Or do you think we’re going to continue down the

path of continually subverting and taking out community life until there's nothing left?

**JD:** Wow, that's a tough one. This is mostly a question about materialism because I don't think any huge change happens, any diversion of our current path short of some real economic pain. People will put up with a lot if everything works reasonably well and things are pretty good at work, things are pretty good with their paycheck, things are pretty good with inflation. But you take that away, and all of these social fissures which exist in America get very nasty very quick. There's two ways to imagine it. One is what I would consider a happier, more decentralized, federalist soft succession. Maybe not an outright breakup of the United States into brand-new political entities, but a real resurgence of federalism to the point of aggressive regionalism, where we start self-segregating, which was already happening before covid but accelerated mightily during covid. Some kind of scenario where there's no bloodshed and we have enough time, a period of maybe years or even decades, to work out all these terribly thorny questions, like federal land and federal debt and federal entitlements and nukes, really tough, tough questions—a negotiation process of sorts.

The other scenario is some kind of really nasty economic downturn which results in going the other way: instead of a federalization of things in America, we succumb to an internationalization under the auspices of somebody like the IMF (International Monetary Fund), where we say, "OK, now there's a currency crisis to end all currency crises. It's the US dollar." The world's reserve currency is all of a sudden losing its value, and we need to step in, just like the Fed stepped in during the crisis of '07.

Now we need the international Fed, in effect, the central bank to central banks under the form of the IMF, to step in and create some sort of worldwide currency, some sort of worldwide bond debt. This isn't my thinking or anything I came up with. A lot of people way smarter and more informed than me have talked about this. Jim Rickards in his *Currency Wars* book talks about the IMF. Pat Buchanan, of all people, ten or twenty years ago said we're going to go one of two ways: either we're going to have a breakup or we're going to have truly more of a global system. And the Great Reset and the World Economic Forum—there are a lot of people trying very hard to make sure it's that second scenario. And it's not a conspiracy. They're quite open about it. They discuss it very openly, and they've become a lot more open about it since Brexit and Trump and covid. Now they're just wanting to discuss it, the Klaus Schwabs of the world. Go listen to Bob Murphy's series on that. He's using their own words, their own documents, their own statements, public statements.

I don't know which way it goes. I certainly hope it's bloodless. I think it's not in anybody's interest to have any kind of civil conflict in America, and frankly, we're not very tough people. We're kind of fat and addled. Wars are generally fought by young, hard men. There's some of those in Ukraine and Russia. There's some of those in China. Not too many of those in America.

There's a law professor at George Mason named Frank Buckley who wrote a book titled *American Secession* just a year or two ago, and he talks about the kind of negotiations that could be possible. This doesn't have to be set in stone that there's some sort of civil war, and obviously we don't have any neat geographic divides in



**There's no reason why 330 million people have to share one view on abortion or one view on gun control or one view on prayer in schools. A lot of those social issues could really be defanged by simply allowing a greater degree of federalism.**

America. We had the North-South, the Union and the Confederacy during the Civil War era. We don't have that now. We have very blue cities within red states. We have very red areas within blue states. I think that there would probably have to be at least some amount of physical or geographic shifts where people are leaving states and going to states that comport better with their worldview. There's no reason why 330 million people have to share one view on abortion or one view on gun control or one view on prayer in schools.

A lot of those social issues could really be defanged by simply allowing a greater degree of federalism. That in and of itself could really be a release valve for a lot of the pressure in this country. And so that's how I'd like to see it going.

I remain optimistic. I have a couple of kids, teenagers. I need to be optimistic for their sake, and day to day we still have a tremendous degree of freedom. We still have tremendous platforms to speak our mind. I'm really surprised, frankly, they haven't had more crackdowns on the internet in the West, and while we have those freedoms, we ought to be using them and availing ourselves of them. So, you and I, we don't have the right to pessimism because we haven't earned it. We haven't gone through material hardships. We haven't gone through wars or depressions or times of deprivation. We don't have the right to be Debbie Downer.

**PG:** I want to talk a bit about the twenty-first century and the way you've seen it going and if it's emulating the beginning of the twentieth century or if it's behaving differently and whether or not you think we've gotten more liberal or more illiberal.

**JD:** Tough question. Ryan McMaken pointed out: the scenario we're in right now with Putin and Ukraine is far more like 1914 than it is like 1938. We have to drop it with these Hitler comparisons. Ukraine is not Germany rolling into Russia. It's not Germany rolling into France or into Austria. It's a very different thing. It's really a regional skirmish and let's hope that we don't, through a series of errors, turn it into some kind of European-wide or eastern European-wide conflagration. Nobody wants that, nobody wants nuclear war.

Are we more liberal or less liberal than we were at the turn of the century, twenty-two years ago? Liberal in our sense of that? Boy, it's hard to say. I mean, the internet revolution. Really, the first websites didn't get robust until the late nineties, and 2000 through 2010 was really when the blogosphere blossomed. So, in that sense, I think we're freer. There's a lot of great stuff you can go find out there, and it's been a great leveler. When the *New York Times* has an editorial, there's a million comments online. That never used to be the case. You just had to sit there and take it. In the communication sense we're freer. There's certainly a greater potential for freedom in money, a greater potential for freedom in digital printing, 3-D printing, firearms, etc.

The thing about the political class is they never go away, no matter how horrifically wrong they were. We still have neoconservatives today. They didn't put their tail between their legs after Iraq and go away in shame. No, they came back stronger than ever, and now they're mostly Democrats, like Hillary Clinton. Ideologically, we're probably worse off than we were in 2000. The W, Cheney, John Ashcroft, Paul Wolfowitz's doctrine of regime change and preemptive strikes and renditions,

**The die is cast with regard to the federal government and federal entitlements in the dollar. It's too late to worry about that. What we've got to be worrying about is the things which are in our control, and those are certainly closer to home.**

detaining people, indefinite detention without habeas corpus, calling people war criminals rather than regular criminals. All that was a really dark time, a really fascist time for America. The Patriot Act, creation of the TSA. We're probably less liberal as a result of all that. Obama ushered in more of the social craziness, the *T* in *LGBT* really came to the fore under Obama, and that's led to a lot of hateful—and I'm talking about on the *T* side—a lot of real hatefulness and a desire to inflict pain on people and cancel people and ruin people who won't go along with the new delusion. So, in that sense, we're less free in our public statements and pronouncements. Cancel culture's new.

And, of course, debt and deficits have gotten worse. In 2001, when W entered office, US federal debt was about \$5 trillion. Now it's thirty. As recently as twenty years ago you still could've dealt with debt and entitlements in a mathematical sense. It still would have been possible. I'm not saying there was the political will to do the things you would have to do, like cut spending or raise taxes, but it was mathematically feasible. Now fast-forward twenty-two years later, and you've had two wars and the crash of '07-'08 and the Fed's balance sheet and hyperdrive spending. Now we've got \$30 trillion in debt, and it's no longer mathematically possible, especially when you consider that the number of people in America over sixty-five will double in the next twenty to thirty years. That means the entitlement consumers will double even as the entitlement payers are ever shrinking. All of that has gotten way worse since 2000, and frankly, I would say, bizarrely speaking, Trump and Biden are certainly an improvement on W, both rhetorically and, I think, in what they really believe. The die is cast with regard to the federal government and federal

entitlements in the dollar. It's too late to worry about that. What we've got to be worrying about is the things which are in our control, and those are certainly closer to home.

**PG:** I'd like to return to the twentieth century and identify a point at which the twentieth century turned illiberal. I think the turn started in 1913 with the creation of the Federal Reserve and the implementation of the income tax. You saw a little bit of it with Teddy Roosevelt's presidency and the ushering in of a more progressive ideology, within the GOP and the Democratic Party. Was there at any point the potential to turn the tide or was the century as a whole too far gone?

**JD:** I think there was a chance to turn the tide. It was called Silent Cal, the great Calvin Coolidge, a guy who actually literally reduced nominal federal spending while in office, not adjusted nominal federal spending. Silent Cal is a really interesting character and I recommend his biography by Amity Shlaes, the historian who runs the Coolidge Foundation.

I certainly think the 1910s were the beginning of the end. Obviously, income taxes and central banks. All these things, of course, had their roots, as you mentioned, back in the 1880s. You can't just say that all of a sudden, 1910, people became progressive in their thinking. No, they were influenced by previous decades, of course. I think the 1910s are probably the best mark in the sand, maybe the high-water mark, in many ways, for civilization.

I would say pre-World War I Vienna was probably the social, cultural, and intellectual high point maybe in

human history. The kinds of minds that had been gathered there, and not just liberty minds: communism, socialism, variants on everything, on science, technology, all coalesced around Vienna. Music ... So if you're looking for a point in time where the wave reached its high point and then receded, you might say some of those coffeehouses in Vienna in 1910 or thereabouts. Obviously, World War I is just a terrible tragedy, a comedy of errors that started and then moved across Europe. Then you get Versailles, which, not in full, let's be fair, creates a lot of angst and animosity in Germany, helps give rise to Hitler. We make some disastrous mistakes toward the end of that war in our relationship with Stalin, and we basically allow Russia to become the Soviet Union. And you go on from there, all of Eastern Europe crushed, including beautiful places like Poland and Hungary. What would things look like if you'd had a unified Europe for the entirety of the twentieth century? Wow, hard to imagine.

So yes, I think World War I and the 1910s were really the tipping point. There were opportunities to get back on track, perhaps with Coolidge and perhaps a last-gasp tipping point with Taft versus Eisenhower in 1952. Now, Eisenhower didn't turn out all that bad, but Taft died maybe within a year of the actual election, so it's hard to say what it would have meant if Taft had somehow won. But once the Old Right, in the form of Taft, was extinguished, that led us into the fifties and the Cold War. Conservatism went wildly off the rails at that point, stopped conserving anything and became strictly a Cold War party. Ike tried to get a hold of the beast, and then the sixties came along. Earlier we were talking about how a good dividing line amongst liberty types is to say, "Do you think the twentieth century was liberal or illiberal?" When it comes to the 1960s, there's basically two kinds of Americans, Americans who think that the sixties and what came out of it were largely a good thing and Americans who think the sixties and what came out of it were largely a bad thing. So that's kind of an interesting heuristic for the modern, the second half of the twentieth century.

I would say probably by the fifties, it was baked in the cake. When World War II ended, we took on the unfortunate role of world's policeman, and that manifested in Korea and Vietnam. And then, even worse, when the Soviet Union collapsed in '89, we took on the role as the world's superpower as opposed to disbanding NATO. And without any multipolarity in the world, we have gorged ourselves on debt and we've lived beyond

our means and we've been unchallenged materially and otherwise, and we've had quite a party. And it feels like it's coming to an end.

**PG:** I have to agree with you. I think the dichotomies of the twentieth century and the turning of the tide toward illiberalness highlight not only a difference in the thinking within the liberty community, but Americans and people in general. We are left with the consequences of this thinking and the beast it created. Really, our state that we see now is a beast, forged in the twentieth century.

**JD:** Indeed. 

## UPCOMING EVENTS



MARK YOUR CALENDAR!

**JUNE 5–10**

*Rothbard Graduate  
Seminar 2022  
Auburn, AL*

**JULY 24–30**

*Mises University 2022  
Auburn, AL*

**SEPTEMBER 10**

*Libertarian Scholars  
Conference 2022  
Nashville, TN*

**OCTOBER 6–8**

*40th Anniversary  
Supporters Summit  
Phoenix, AZ*

Student scholarships available for all events. See [mises.org/events](https://mises.org/events) for details.

# AERC

Austrian  
Economics  
Research  
Conference

Auburn, AL

***“Every nation is swindling its own people by printing a chronically depreciating paper currency.”***

—Henry Hazlitt

**T**hese are the great Henry Hazlitt’s prophetic and timeless words, quoted by Alex Pollock in the 2022 Hazlitt Memorial Lecture.

With the world being ravaged by inflation, whose effects are being amplified by the war in Ukraine and other global events, the ominous reality of depreciating currencies hung over this year’s Austrian Economics Research Conference.

Now, more than ever, we need the insights of the Austrian school to explain the state of current events and to show that they are not some unfathomable mystery.

The purpose of AERC is to showcase the latest research being done in the Austrian tradition, and this year’s display was certainly impressive, with topics including “Inflation and Fractional Reserve Banking,” “Finance and Economic Calculation,” “Applied Entrepreneurship,” an Austrian reevaluation of urban economics, private governance in an age of cyber violence, and an Austrian analysis of stablecoins. AERC once again enjoyed the presence of the Institute’s friends at Mises Brasil, who held two panels on their exciting new scholarship.

AERC concluded with a celebration, sponsored by Michael and Lisa Keller, dedicated to the 100th anniversary of the publication of Ludwig von Mises’s classic *Socialism: A Sociological Analysis*. The commemoration panel featured David Gordon, Thomas DiLorenzo, and Shawn Ritenour.

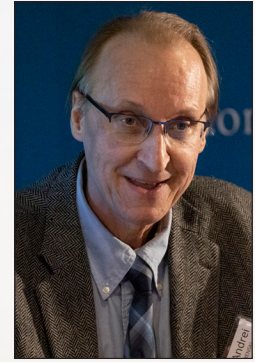
## LUDWIG VON MISES MEMORIAL LECTURE

*Sponsored by Dr. Don Printz*

**“Left Thought Collective:  
One Hundred Years of the  
Socialist Commonwealth”**

**Dr. Andrei Znamenski**

presented a compelling historical analysis of what continually fuels the success of socialism.



## MURRAY N. ROTHBARD MEMORIAL LECTURE

*Sponsored by Steven and  
Cassandra Torello*

**“Wilson, Waldo, Woke  
CEOs, and Ways Forward”**

**Dr. Paul F. Cwik** offered an explanation for why big business has become hijacked by the culturally woke and called for Austrian economists to prioritize placement in business ethics programs.



## HENRY HAZLITT MEMORIAL LECTURE

*Sponsored by Yousif Almoayyed*

**“Hazlitt, Hayek, and  
How the Fed Made Itself  
into the World’s Biggest  
Savings and Loan”**

**Dr. Alex Pollock** traced the Federal Reserve’s evolution into a dominant player in the American mortgage market and identified the dangers it poses and the delusion of the experts who think they can manage it.



## F.A. HAYEK MEMORIAL LECTURE

*Sponsored by Greg and Joy Morin*

**“The Looming Threat of a National Breakup”**

**Dr. Francis Buckley** compared modern political tensions to historical episodes, including the American Civil War and the rise of Quebec separatist movements in Canada.



## LOU CHURCH MEMORIAL LECTURE

*Sponsored by The Lou Church Foundation*

**“The Persistent Problem of Objective Value”**

**Dr. Jason Jewell** discussed C.S. Lewis’s *Abolition of Man* from an Austrian perspective.



**These presentations can be found at [mises.org/AERC2022](https://mises.org/AERC2022).**

## 2022 Awards in Austrian Economics

At the Austrian Economics Research Conference, the Mises Institute recognizes significant contributions to Austrian scholarship, as well as the promising work of the next generation of scholars.

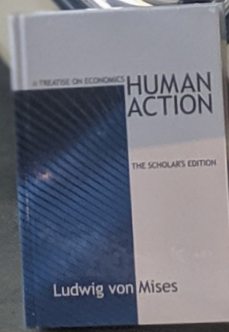
- **The O.P. Alford III Prize in Political Economy:** Joseph T. Salerno, Carmen Elena Dorobăț, and Matthew C. McCaffrey, “Monopoly as a ‘Culture-History Fact’: Knight, Menger, and the Role of Institutions.”
- **The Lawrence W. Fertig Prize in Austrian Economics:** Vytautas Žukauskas, “Measuring the Quality of Money.”
- **The Kenneth Garschina Prize:** Jeffery L. Degner, “Cantillon Effects and the ‘Coming Apart’ of the American Family Experience: How Inflationary Monetary Policy Alters Family Life.”



Thanks to our donors who sponsored these students who observed and presented papers at AERC this year.



## Mises Meetup in Birmingham



*“It’s up to us to try to take from covid and the lessons from it and turn them into something positive. That’s our job. And if that means nothing short of awakening millions and millions of people to the almost criminal complicity of our public health elites—and our political elites—that’s an important job.”*


—Jeff Deist



The Mises Institute returned to Birmingham, Alabama, for a Mises Meetup at the beautiful (and privately managed) Barber Vintage Motorsports Museum, which includes the largest motorcycle museum in the world. As always in Birmingham, the event was sold out. This year, our topic was “The Cost of Covid,” and the talks were dedicated to better understanding the many, many costs of the American regime’s covid lockdown and the challenges it brings to our society.

This year’s speakers were:

- Professor Todd Zywicki, George Mason University  
“Fighting Back: My Legal and Ethical Battle against Covid Mandates”
- Joni McGary, NoCollegeMandates.com, and Mitchell Robson, University of Chicago  
“Covid on Campus”
- Professor Per Bylund, Oklahoma State University  
“The Unseen Costs of Covid Policies”
- Professor Mark Thornton, Mises Institute  
“How Covid Unleashed the Fed”

Audio and video of the meetup talks can be found at [Mises.org/22Bham](https://Mises.org/22Bham). 



Special thanks to Mark Walker for again sponsoring our event in Birmingham.



## You Don't Want to Miss Our **40th Anniversary Supporters Summit** October 6–8 at the Arizona Biltmore

**B**e sure to join us in the desert in October. We will celebrate all our many accomplishments over these forty years. There will be fellowship and fun, scholarship, conversation, socializing, dining, outdoor activities, and world-class accommodations. This is sure to be a highlight of the year.

Jeff Deist and Lew Rockwell will host, along with very special guests including James Grant, David Stockman, and more to be announced.

Registration is \$495 for Mises Institute Members. You can register online at [mises.org/events](https://mises.org/events) or call us at (334) 321-2100.

We have a special group rate of \$319/night at the lovely, Frank Lloyd Wright influenced, Arizona Biltmore, a Waldorf Astoria Resort. To book, call (800) 950-0086 to speak directly with a reservations agent. The cutoff date for the special rate is September 6.

We hope to see you there! 



The Arizona Biltmore, Phoenix, AZ



SHARE YOUR

## *Photos, Mementos, and Memories*

Throughout his incredible intellectual career, Ludwig von Mises emphasized that the future of civilization—both for better and for worse—is shaped by the ideas that dominate in the present. However, just as important to Mises was the recognition that it requires the action of individuals for ideas to gain any significance in this world. Measured by intellect, integrity, and personal example, the Austrian school has been lucky to have attracted the quality of adherents required to keep the flame of liberty burning despite the hostility of some of the most powerful institutions in the Western world.

Lu and Margit. Murray and Joey. Percy and Bettina. Ralph, Lew, the Hanses (Sennholz and Hoppe), and so many more.

It is individuals fighting for what they believe in, each in their own way, that resulted in more people today being familiar with the ideas of the Misesian tradition than ever before.

In recognition of our fortieth year, the Mises Institute wants to gather photos, stories, memories, and mementos to keep the history alive and to honor the people who have shaped the Austrian school and forged its traditions in the twentieth century.

Send us a copy of a picture of you and Murray, of an old program from an event during the peak of the Ron Paul Revolution, or a visual aid from a Walter Block lecture, etc., etc.

Help us add to the story of those who have followed Mises and thrust themselves “vigorously into the intellectual battle.”

For example, recently Professor John Egger of Towson State University sent us papers and files relating to the memoirs of the great William H. Hutt. A treasure, to be sure.

Contact [memories@mises.org](mailto:memories@mises.org) and we will send you more details. 



*The picture here is of Murray and my son, Kyle. It was taken in New York in 1992. Murray and I had been talking and then we noticed that Kyle had crumpled Murray's sparse lecture notes and "borrowed" his pen. Murray, laughing, said, "Who needs them, anyway?" When Kyle told his college economics professor that he had a picture of himself with Rothbard, the professor scoffed until I sent over a scan of the picture. Everybody laughed. This is the only picture of Murray with an infant that I know of.*

—Judy Thommesen,  
Mises Institute




*I received a call from a student member of the group who invited me to join the reading circle, which was codirected by another one of my libertarian heroes, Walter Block. Soon after, I was invited to the inner sanctum of Murray's apartment in Manhattan for a personal meeting with him. . . . I was very nervous on the way, because I was anticipating a somewhat formal interview, in which Murray would grill me and easily expose the staggering inadequacies in my knowledge of libertarianism and Austrian economics.*

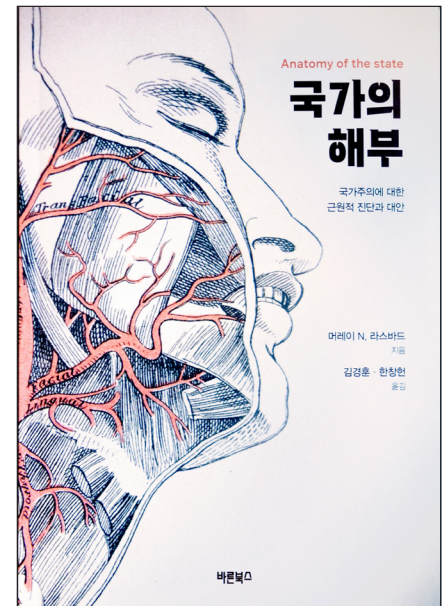
*But my apprehension instantly dissipated when Murray excitedly greeted me at the door with a merry "Joe, my boy, it's great to see you again."*

—Joseph Salerno, Mises Institute  
"Memories of Murray"

## NEW TRANSLATIONS

We have added two new translations to [mises.org](http://mises.org). These are just the most recent works to become part of the growing body of translated Austrian works reaching minds around the world. Andrea Moressi of Milan has translated Bob Murphy's *Lesson for the Young Economist* into Italian, and Mises U alumnus Allen Joen has translated Murray Rothbard's *Anatomy of the State* into Korean.

Like all of our books, these translations are available for free on our site in PDF. 




## Austrian Tools, Intelligence, and Community. Built for Business.

**E4B** Economics For Business

Businesses of all sizes can find, download, and freely use tools such as the Austrian business model template, the value-proposition design guide, a blueprint for brand building, and a guide to Austrian accounting methods on the E4B platform.

All E4B content is derived from Austrian economic sources with the guidance of an advisory group of business school professors including Dr. Per Bylund, Dr. Peter Klein, Dr. Matthew McCaffrey, Dr. Mark Packard, Dr. Stephen Phelan, and others. In addition, many successful entrepreneurs, including Mises Institute board members Robert Luddy and Daniel Ajamian, have provided content, support, and guidance.

There's a reawakening of entrepreneurial spirit among young people today and a new infrastructure of institutions to support them, ranging from inexpensive web hosting and cloud computing services to no-code programming and self-organizing supply chains. E4B aims to be a major contributor to this network of contemporary business services and to bring an understanding and appreciation of Austrian economics to a broad business audience. Businesses will benefit when they use the tools and methods of Austrian economics to co-create experiences that customers value, and society will benefit when business is seen as an ethical shared value creator. Start co-creating value by visiting [econ4business.com](http://econ4business.com) today! 

[econ4business.com](http://econ4business.com)

# MISES UNIVERSITY

*The Best Week  
of the Year*

**M**ises University is the world's leading instructional program in the Austrian school of economics. Since 1986, it has been the essential training ground for college and university students who are looking beyond the mainstream.

The program offers courses and seminars on the whole range of the discipline. A core curriculum presents economic foundations, and more than fifty elective classes explore the entire range of economics, in all levels of advancement. The program ends with the Mündliche Prüfung, an optional exam for an honors certificate and cash prizes for the most learned.

We cover market behavior, competition, value and utility, money and banking, business cycles, industrial organization, method, economic history, the philosophy of science, financial economics, and more.

Classes are interspersed with discussion seminars, faculty panels, and plenary lectures. There are special sessions on economic history, ethics, and political philosophy. Nightly social hours allow time to meet and discuss it all with faculty and other students.

**Students have called Mises University “the best week of the year!” And it is.**

Here's what a few of our 2021 students had to say:

“I think Mises University gives people in my generation the only opportunity they may ever have to learn proper economics. In the fight for a free society, this is priceless.” —Christian Tolino



“Love what you guys are doing; thank you for providing young people with a place to discuss and learn Austrian economics.” —Esther Rhoads


“I believe Mises University is extremely important, because it shows a perspective of economics and history and policies that is not seen in mainstream culture.” —Sarah Siske

“Overall, this is probably the greatest week of my life, not only because of the content, but having access to faculty, staff, and professors has been incredible.” —Brice Pelliccioni

“For me, Mises U is a hope for freedom in our world. Coming here gave me a reason to keep fighting for freedom in my country, Mexico.” —Julio Martinez

**Join us and help exceptional students attend Mises University in July 2022.**

**A donation of \$1,000 or more is a named scholarship**, and donors will receive a thank-you note from the scholarship recipient.

You can donate online at [mises.org/MU22](https://mises.org/MU22) or by phone at 334.321.2100. 

# the Austrian

A PUBLICATION OF  
THE MISES INSTITUTE

The Mises Institute  
518 West Magnolia Avenue  
Auburn, AL 36832-4501

## YES, I WANT TO HELP A STUDENT ATTEND MISES UNIVERSITY 2022!

Enclosed is my tax-deductible contribution of  \$25  \$60 Membership  \$150  \$500  \$1,000 Other \$ \_\_\_\_\_

In Memory of/Honor of \_\_\_\_\_  I wish to remain anonymous.

I would like to sponsor a student from my alma mater \_\_\_\_\_

Make my donation a monthly gift!

Payment Method  Check/Money Order  Credit Card

**DONATE ONLINE [mises.org/MU22](https://mises.org/MU22)**

Card # \_\_\_\_\_ Exp. \_\_\_\_\_ Security Code \_\_\_\_\_  
(3-digit number on back or 4-digit number on front of AMEX)

Day Phone \_\_\_\_\_ Email \_\_\_\_\_  
(phone number required for all credit card transactions)

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Country \_\_\_\_\_

MAIL ANY ADDRESS CORRECTIONS TO  
Mises Institute  
518 West Magnolia Avenue  
Auburn, AL 36832-4501 USA

For more information, contact  
Kristy Holmes, [kristy@mises.org](mailto:kristy@mises.org),  
800.636.4737

*The Best Week  
of the Year!*

