

Who is ...

Murray Rothbard

BY DAVID GORDON

Murray N. Rothbard, a scholar of extraordinary range, made major contributions to economics, history, political philosophy, and legal theory. He developed and extended the Austrian economics of Ludwig von Mises, in whose seminar he was a main participant for many years. He established himself as the principal Austrian theorist in the latter half of the twentieth century and applied Austrian analysis to historical topics such as the Great Depression of 1929 and the history of American banking.

Rothbard combined Austrian economics with a fervent commitment to individual liberty. He developed a unique synthesis that combined themes from nineteenth-century American individualists with Austrian economics. A new political philosophy was the result, and Rothbard devoted his remarkable intellectual energy, over a period of some 45 years, to developing and promoting his style of libertarianism. In doing so, he became a major American public intellectual.



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Murray Rothbard was born March 2, 1926, the son of David and Rae Rothbard. He was a brilliant student even as a young child; and his academic record at Columbia University, where he majored in mathematics and economics, was stellar. In the Columbia economics department, Rothbard encountered arguments against such then popular measures as price and rent control. These arguments greatly appealed to him.

As he deepened his understanding of *laissez-faire* economics, he confronted a dilemma. The arguments for market provision of goods and services applied across the board. If so, should not even protection and defense be offered on the market rather than supplied by a coercive monopoly? Rothbard realized that he would either have to abandon *laissez-faire* or embrace individualist anarchy. The choice, arrived at in the winter of 1949, was not difficult.

He began a project to write a textbook to explain *Human Action* in a fashion suitable for college students; a sample chapter he wrote on money and credit won Mises's approval. As Rothbard continued his work, he transformed the project. The result, *Man, Economy, and State* (1962), became a central work of Austrian economics.

Rothbard was entirely in accord with Mises's endeavor to deduce the whole of economics from the axiom of action, combined with a few subsidiary postulates. In much more detail than Mises had done, he carried out the deduction; and in the process, he contributed major theoretical innovations to praxeology. He showed that the socialist calculation argument applies, not only to a governmentally controlled economy, but to a single private firm owning the entire economy as well. It too could not calculate.

He also integrated Frank Fetter's theory of rent with Austrian capital theory; and argued that a monopoly price could not exist on the free market. Further, he offered a brilliant criticism of Keynesian economics, and he anticipated much of the "rational expectations" revolution for which Robert Lucas later won a Nobel Prize.

Rothbard devoted close attention to monetary theory. Here he emphasized the virtues of the classical gold standard and supported 100 percent reserve banking. This system, he held, would prevent the credit expansion that, according to the Austrian theory of the business cycle developed by Mises and Friedrich Hayek, led to inevitable depression. He summarized his views for the general public in the often-reprinted pamphlet *What Has Government Done to Our Money?* (1964) and also wrote a textbook, *The Mystery of Banking* (1983).

Rothbard showed the illumination that Austrian theory could bring to economic history in *America's Great Depression* (1963). Far from being a proof of the failures of unregulated capitalism, the 1929 Depression illustrates rather the dangers of government interference with the economy. The economic collapse came as a necessary correction to the artificial boom induced by the Federal Reserve System's monetary expansion during the 1920s. The attempts by the government to "cure" the downturn served only to make matters worse.

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For Rothbard, banking policy was a key to American economic history. Like Michelet, he believed that history is a resurrection of the flesh; and his discussions are no dry-as-dust presentations of statistics. He was always concerned to identify the particular actors and interests behind historical decisions, as he did in his *A History of Money and Banking in the United States* (1999).

In a four-volume series, *Conceived in Liberty* (1975–1979), he presented a detailed account of American colonial history

that stressed the libertarian antecedents of the American Revolution. As usual, he challenged mainstream opinion.

Although Rothbard usually found himself in close agreement with Mises, in one area he maintained that Mises was mistaken. His approach, based on his study of Aristotelian and Thomist philosophy, is presented in his major work *The Ethics of Liberty* (1982), his major study of political philosophy.

In an effort to widen the influence of libertarian thought in the academic world, Rothbard founded the *Journal of Libertarian Studies* in 1977. Rothbard established in 1987 another journal, the *Review of Austrian Economics*, to provide a scholarly venue for economists and others interested in Austrian theory. It has continued to the present, after 1997 under the new name *Quarterly Journal of Austrian Economics*.

One last academic triumph remained for Rothbard, though sadly it appeared only after his death. In two massive volumes, *Economic Thought Before Adam Smith* and *Classical Economics* (1995), he presented a minutely detailed and erudite account of the history of economic theory.

Rothbard was closely associated with the Ludwig von Mises Institute from its founding in 1982 by Llewellyn H. Rockwell, Jr. He taught at Brooklyn Polytechnic Institute from the mid-1960s to the mid-1980s; from 1986 to his death on January 7, 1995, he was S.J. Hall Distinguished Professor of Economics at the University of Nevada, Las Vegas. His combination of scholarly achievement and engaged advocacy on behalf of freedom is unmatched. ■



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