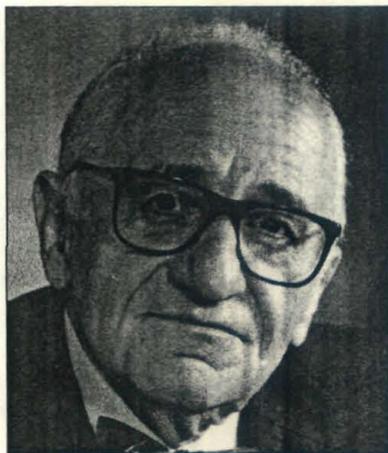


Austrian

Economics Newsletter



MURRAY N. ROTHBARD (1926–95)

Murray N. Rothbard, economist, historian, political theorist, and philosopher, died on January 7, 1995. The leading contemporary Austrian economist and the founder of the modern libertarian movement, he will be remembered for his many contributions to economic theory and its applications, the history of economic thought, political theory, and the philosophy of social science.

Rothbard had already begun graduate work in economics at Columbia University when he discovered Ludwig von Mises and the Austrian school in 1949. That same year saw the beginning of Mises's N.Y.U. seminar, which Rothbard attended from its inception, and the publication of Mises's *Human Action*. In that book Rothbard found the coherent body of positive economic theory he had been searching for, and he set about to solidify, defend, and extend Austrian theory.

He published his magnum opus, the two-volume *Man, Economy, and State*, in 1962 at age 36. A comprehensive, systematic treatise covering all branches of economics, *Man, Economy, and State* compares only to *Human Action* in scope. It also contains Rothbard's original contributions on monopoly, rent theory, the analysis of government intervention, and

many other areas of economic theory and application. A follow-up volume, *Power and Market* (1970), extended the analysis of the consequences of government policy and formed the basis of much of contemporary libertarian political theory.

Rothbard was a generalist in an age of ever-increasing specialization, and his contributions cover all the major areas of economics. He was initially interested in monetary and business-cycle theory. His Ph.D. dissertation, *The Panic of 1819* (published in 1962), remains the standard reference on its subject. There he develops the thesis that monetary manipulations by the Bank of the United States had caused this country's first major economic crisis. In *America's Great Depression* (1963), he examined the Depression from the perspective of Austrian business-cycle theory. His *The Mystery of Banking* (1983) and *The Case Against the Fed* (1995) argue against fractional-reserve banking and make the case for abolishing our central bank. His best-selling work, *What Has Government Done to Our Money?* (1963), records the history of American monetary devaluations.

He also wrote widely on political and economic history, the history of economic thought, comparative economic systems, utility theory, ethics, and methodology. Regarding the latter, Rothbard was a strict defender of Misesian praxeology and a critic of the various "postmodern" approaches that have become fashionable recently within the Austrian school.

INSIDE THE AEN

<i>Robert Higgs: Austrian Economics and the New Economic History</i>	2
<i>Mark Thornton, Peter Boettke: Book Reviews</i>	3
<i>Donald Boudreaux, William Butos: Recommended Reading</i>	6
Notes and Transitions	8

Rothbard's last major work, the two-volume *Austrian Perspective on the History of Economic Thought* (1995), is a unique treatment that focuses on many lesser known figures and emphasizes the social, cultural, and religious forces that shape the development of economic doctrine. Early reviews compare it to Schumpeter's *History of Economic Analysis* in breadth, depth, and originality.

Beyond his purely scholarly activities, Rothbard was a key figure in the revival of Austrian economics after 1974 and a mentor to many of the current generation of Austrian economists. Along with his contemporaries Israel M. Kirzner and Hans F. Sennholz, Rothbard was also a link to Mises and the days of the Austrian school in Vienna. He will be sadly missed. ▲

— Mark Brandly

Austrian Economics Newsletter

Volume 15, Number 1

CONTRIBUTORS TO THIS ISSUE

Peter J. Boettke is assistant professor of economics at New York University.

Mark Brandly is a graduate student in economics at Auburn University.

Robert Higgs is research director at the Independent Institute in Oakland, California.

Mark Thornton is O. P. Alford III Assistant Professor of Economics at Auburn University.

STAFF

Editor: Peter G. Klein / *University of California, Berkeley*
Associate Editor: Jeffrey A. Tucker / *Ludwig von Mises Institute*
Contributing Editors: Mark Brandly, Doug Butler, Pete Calcagno, Paul Cwik, Jim Kee, Sandy Klein, Keith Reutter, Shawn Ritenour, John Thompson, Doug Walker, Gilbert Werema / *Auburn University*
Managing Editor: Judith F. Thommesen

PERMISSIONS AND SUBMISSIONS

Send questions pertaining to submissions of articles and book reviews and change of address and subscription requests, to the *Austrian Economics Newsletter*, Mises Institute, 415 W. Magnolia, Suite 101, Auburn University, Auburn, Ala. 36849-5301.

Articles that are submitted should be double-spaced with notes and references corresponding to the style found in the *AEN*. Articles that are accepted will be requested on an IBM format diskette, when possible. There is no submission fee.

Permission to reprint articles is hereby granted provided full credit and address are given.

The *Austrian Economics Newsletter* is published periodically by the Ludwig von Mises Institute, Auburn University, Auburn, Ala. 36849-5301; (334) 844-2500; fax (334) 844-2583; internet: lvmises@mail.auburn.edu. Copyright © 1995 Ludwig von Mises Institute

AUSTRIAN ECONOMICS AND THE NEW ECONOMIC HISTORY

by Robert Higgs

The awarding of the Nobel Prize in economics for 1993 jointly to economic historians Robert W. Fogel and Douglass C. North spotlights the New Economic History. This approach, also known as cliometrics, is nearing its fortieth birthday, and the Young Turks of the 1950s are now graybeards of the academy. Today, in an economics department that offers courses in economic history, the professor probably will be a cliometrician. Does cliometrics offer anything of value to the Austrian economist?

At first glance one might well answer no. The New Economic History has always been part of mainstream economics. In its paradigmatic form, cliometric research combines neoclassical economic theory as a source of testable hypotheses and classical statistical inference as a method of testing the hypotheses.¹ Hence one might view cliometrics as nothing more than mainstream empirical analysis using old data. Austrian economists, conceiving of economic theory as the pure logic of choice based on apodictic axioms, seem to have little to gain from cliometrics.

Upon closer inspection, however, one may revise this assessment. Austrian economists do sometimes write economic history—witness such luminaries as Ludwig von Mises, F. A. Hayek, and Murray Rothbard, as well as many of their followers. In this mode, Austrians tend to go about their work in the manner of “old-fashioned” (i.e., noncliometric) economic historians, except that they bring Austrian economic theory to bear to interpret the historical data at hand. Austrians engaged in historical interpretation can sometimes benefit from some cliometric work.²

In *Theory and History* Mises called the study of specific historical action “thymology.”³ This study reveals “that in the past definite men or groups of men were valuing and acting in a definite way” (p. 272). Thymology can “establish the fact that certain traits appeared in the past as a rule in connection with certain other traits” (p. 274). In historical analysis, economic theory alone is insufficient. “If the observer is not familiar with the ideology, the technology, and the therapeutics of the men whose behavior he observes, he cannot make head or tail of it” (p. 284). Thymological study leads to the discovery of how *specific* human valuations produced *particular* patterns of related economic events at *definite* times and places.

Mises's explication of thymology as dealing with “the content of human thoughts, judgments, desires, and actions” (p. 266) parallels a distinction made by James M. Buchanan in his essay “Is Economics the