

# MY LIFE AS AN AUSTRIAN ECONOMIST AND A CLASSICAL LIBERAL\*

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I can date my interest in both classical liberalism and Austrian economics to the day I was born. The doctor grabbed me by my little feet, turned me upside down and spanked my tiny bottom.

I began to cry out. That is when I realized the fundamental “Austrian” axiom that “man acts.” In addition, I appreciated that what the doctor had done was in violation of the “non-aggression” principle.

The rest is history. Well... maybe not quite.

## I

### AN INQUIRING YOUNG MIND DISCOVERS AYN RAND

For some reason, I had found history and current events interesting when I was in my early and middle teens in the 1960s. I had a part-time job at the Hollywood Public Library in Los Angeles when I was in high school. Part of my responsibilities was to maintain the magazine collections on a balcony in the building. I would finish my work, and hide up in the balcony reading new and old political and news publications.

But I soon was confused. When I read “progressive” publications like the Nation or the New Republic, they always seemed to have the moral high ground, making the case for “social justice,” “fairness,” and morality. On the other hand, when I read conservative publications like Human Events or National Review the argument was made that all that “bleeding heart” stuff just did

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not work. There was a “bottom line”: it cost too much and screwed things up, and socialism and communism seemed to kill a lot of people.

When I was about 17, and living in Hollywood, I met two men who introduced me to the works of Ayn Rand. I ran into them at a restaurant called Hody’s that was at the corner of Hollywood and Vine (no longer in existence). Drawing me into a conversation, they asked if I had ever heard of Ayn Rand. I replied that I had heard of the Rand Corporation, but what was an “Ayn”?

They handed me a copy of *Capitalism: The Unknown Ideal*, and told me to read it and come back in 3 days. I did, and we met. I found her case for capitalism transformative. They then handed me a copy of *The Virtue of Selfishness*, and again told me to read it and come back in 3 days. I did, and we met again. They now handed me a paperback copy of *Atlas Shrugged*. My heart sank, fearing they’d again say to come back in 3 days! I wiped the sweat from my brow when they said to read it and come back in 10 days.

Ayn Rand’s writings brought about an ethical and practical revolution in my thinking. She reasoned why it is that each human being has a right to their own life, liberty, and honestly acquired property.

While human beings can and should show good will and benevolence to their fellow men, there is no collective or tribal moral claim to the product of any individual’s mind and physical effort without their free and voluntary consent.

Free market capitalism not only “delivered the goods,” but also was the only political-economic system consistent with man’s nature and the individual’s right to peacefully and productively live for himself in free and mutual association with others.

In 1968, I was visiting family in New York City and took the opportunity to go to the Nathaniel Brandon Institute several times, then still headquartered in the lower level of the Empire State Building. One evening during a “social” night, Ayn Rand was there and very kindly took about a half an hour or so to talk informally with a small group of us.

All the stories about her are true. She had dark eyes that never left looking right at you while she was both hearing your

question and giving her answer. She spoke with a calm certitude and deliberate clarity that made her comments reasonable and in no way “dogmatic.” It was truly a memorable interaction for me.

I might add that for that social evening, Ayn Rand was dressed in a red denim railway man’s-like outfit with a train conductor’s cap, and her husband, Frank O’Connor, was in a Nehru suit with beads. I have no idea of the meaning or reason for either one.

## II FINDING OUT ABOUT THE AUSTRIAN ECONOMISTS

But my intellectual odyssey did not end there. I read the books referenced and footnoted in Ayn Rand’s non-fiction writings. This soon led me to reading Henry Hazlitt, Frederic Bastiat, Herbert Spencer, William Graham Sumner, and, of course, Ludwig von Mises, Eugen von Böhm-Bawerk, and Carl Menger.

In 1967, one of the issues of *Human Events* had an ad for the Conservative Book Club. If you signed up to buy a certain number of books they offered over the next 12 months, you would receive as a free gift the selection for that month — the recently released new third edition of Ludwig von Mises’s *Human Action: A Treatise on Economics*.

Around this time, I discovered the *Freeman*, published by the Foundation for Economic Education (FEE), which resulted in my finding out about Friedrich A. Hayek’s *The Road to Serfdom*. I was soon in correspondence with Bettina Bien Greaves, a senior staff member at FEE. She generously guided me to begin reading a much wider group of works on free-market economics and the Austrian economists in particular.

By the time I began college in Los Angeles, I had read most of the major works and many of the minor writings of the Austrian economists, and many of the books in the classical liberal and libertarian tradition.

Indeed, it was these readings that made me decide to major in economics.

### III KEYNESIANS AND COMMUNISTS IN COLLEGE

What a rude awakening I had when in my first economics class, the assigned textbook was the seventh edition of Keynesian economist Paul Samuelson's, *Economics*. I found the form of economic theorizing and the policy conclusions to be significantly different than what I had been absorbing on my own!

But my college studies were interrupted for a while. It was during the Vietnam War years, and my relatively low conscription number was very likely to come up. So, I ended up joining the Naval Reserves, doing my active duty in San Diego, California, trained as a radioman. I never saw combat, but I did make occasional weekend foreign reconnaissance missions with my Navy buddies to Tijuana, Mexico — for which I should have received “hazardous duty” pay! You could see things there beyond the human imagination. I sometimes went back for a second look, just to make sure my eyes were not deceiving me. Oh, the impropriety of youth!

I finished my undergraduate degree in economics at California State University, Sacramento. All my economics professors were either textbook Keynesians, Stalinist Marxists, or institutionalists. One of them, Marc Tool, was a long-time editor of the institutionalist *Journal of Economic Issues*; another was John Henry, a noted Marxist economist of that generation.

### IV IRRITATING MY MARXIST AND INTERVENTIONIST PROFESSORS

I made a nuisance of myself in virtually all my economics classes, since it bothered me that the other students were absorbing their arguments at uncritical face value. I tried to explain and argue about Hayek's version of the Austrian theory of the business cycle in *Macroeconomics* and *Money and Banking* classes. I would defend economic theory and the market order in *Comparative Economic Systems*. And in my

Development Economics course, I attempted to articulate the arguments of the free market economist Peter Bauer against those the professor made for third world central planning.

I'm sure I drove some of my professors crazy. Economics majors and professors shared a common coffee lounge near the department office.

On the lounge bulletin board I once put up a picture of the four Marx brothers — Harpo, Chico, Zeppo, and Groucho — with their heads poking out of old-fashioned beer barrels. I wrote underneath, "Four leading Marxist theoreticians."

When Mises died in 1973, I wrote a piece about his contributions to economics for the university student newspaper. The only response was one of my professors coming up to me and saying, "Mises? Mises? I thought he died in the 19th century!" And he clearly was serious.

When Hayek won the Nobel Prize in 1974, my professors were flabbergasted, and bewildered by my very public excitement. Some had never heard of him; others only knew him as the author of *The Road to Serfdom*, and they asked what that had to do with "real economics." One or two asked, "Wasn't he the economist who assumed 'full employment' during the Great Depression?"

My undergraduate senior thesis was a fairly lengthy paper on a comparison of Robert Clower's and Axel Leijonhufvud's conceptions of Keynesian "demand failures" and Say's principle with the Austrian theory of money and the business cycle. My thesis advisor was a nice and fair person, but he clearly knew nothing about the Austrian theory until he read my paper, and was only vaguely familiar with Clower's and Leijonhufvud's writings.

#### Reading on My Own in the University Library

Since there were no professors who came anywhere close to my views on either economic theory or policy, I was "on my own." While other students were at weekend parties or football games, I was in the university library going through all the old economics journals (many of which the library had as bound volumes from the starting issues), finding all the articles by Austrians and others related to Austrian views to be found in the old *Index of Economic Articles* volumes published by the American Economic Association.

Through this method, I ended up reading virtually all the journal articles by Austrians in English from the 1880s onward, as well as their critics.

But I also discovered a great underworld of many other great economic theorists and analysts who were almost never referred to in the history-of-economic-thought books or the modern textbooks.

In this way, for example, I discovered on my own the famous “Chicago school” economist Frank H. Knight, and read through virtually every article he wrote from before the First World War to his death in the 1960s. I wanted to read him at first because of his controversies with Hayek and Fritz Machlup over “Austrian” capital theory, but I soon found out that there was a lot more to him — both brilliant insights and some very wrong-headed ideas.

I devoured the writings of such market-oriented economists as Edwin Cannan (from the London School of Economics), Dennis Robertson (from Cambridge University), J. Laurence Laughlin (who founded the economics department at the University of Chicago), Frank Taussig and Thomas Nixon Carver (who taught at Harvard University), and other “Austrian” economists such as British economist Philip Wicksteed, and the Americans Herbert J. Davenport, and Frank A. Fetter, among many, many others.

I especially found the “Swedish” economists from Knut Wicksell to Erik Lindahl, Erik Lundberg, Gunnar Myrdal, and Johann Akerman to be valuable parallels to the Austrians on money, capital, and economic fluctuations. German economists such as Moritz J. Bonn and Gustav Stolper were refreshing voices of economic sanity from the dark depression years of the 1930s. And, of course, the other German free market economist, Wilhelm Röpke, was like a laser beam of clear thinking and intellectual uprightness that was both insightful and inspiring.

Going through every issue of these economics journals, especially from the 1880s through the 1940s and into the 1950s, and reading many of the articles by the various authors in each issue (not just Austrians) made it very clear to me that mainstream microeconomics and macroeconomics was a narrow and false conception of all that had been written and insightfully understood

by a large number of economists, the vast majority of whom had gone down an Orwellian “memory hole.”

There had been a wonderful world of economics before John Maynard Keynes and Paul Samuelson.

I also read backward through the classical economists of the 18th and 19th centuries, and soon discovered that there were “few things new under the sun” that these earlier generations of thinkers — especially, the Scottish moral philosophers such as Adam Smith, David Hume, and Adam Ferguson — had not already understood and analyzed, and often far better than most modern mainstream economists. I loved Jean-Baptiste Say and Frederic Bastiat and Paul Leroy-Beaulieu among the French economists; and James Mill and Nassau Senior, and in spite of his socialist sympathies, many things in John Stuart Mill among the British economists, along with John R. McCulloch, John E. Cairnes, and Henry Fawcett.

## V

### ATTENDING THE FIRST AUSTRIAN ECONOMICS CONFERENCE IN 1974

In 1972, while still an undergraduate student, I met Floyd “Baldy” Harper, founder of the Institute for Humane Studies, at the Institute’s headquarters in Menlo Park, California. I explained my interest and selftaught knowledge in Austrian economics.

I must have sufficiently impressed Harper and his colleagues, George Pearson and Kenneth Templeton, because in the spring of 1974 I was invited to attend the first Austrian economics conference in South Royalton, Vermont, in June of that year. This was my first meeting and interaction with “real, live Austrians,” many of whom became dear friends.

Meeting Israel Kirzner, Ludwig Lachmann, and Murray Rothbard for the first time at the conference was for a young man in his 20s, who had only read — and in some cases practically memorized — their works, was like being introduced to intellectual “gods” from Mount Olympus. I only knew Rothbard from his books and articles. In my mind I pictured him as tall, very thin,

and extremely serious. What a shock to meet this short, rotund, joke- and story-telling funny man who had written a two-volume treatise on economics called *Man, Economy and State* (1962).

Bettina Bien Greaves also arranged for me to attend a FEE summer seminar at Irvington-on-Hudson, New York, the week after the South Royalton conference was over. So I also had the additional opportunity to meet Leonard Read, the founder and long-time president of FEE, as well as Austrian economist Hans Sennholz and free market journalist

Henry Hazlitt, both of who spoke at the seminar.

## VI TIME WITH HAYEK AT THE INSTITUTE FOR HUMANE STUDIES

Then in both 1975 and 1977, I was offered summer student fellowships at the Institute for Humane Studies at their Menlo Park headquarters. IHS brought together a group of promising young Austrian-oriented students, some of whom had been at that first Austrian-economists conference in South Royalton, Vermont, in June 1974 and, then, a second Austrian conference in June of 1975 at the University of Hartford in Connecticut.

But the special highlight of these two summers was that for both of them Friedrich A. Hayek, who had been awarded the Nobel Prize in economics in the autumn of 1974, was present as a senior research fellow. By chance, during both summers Hayek's office was situated only one or two doors down from mine.

Hayek was in his late 70s at that time, and since I was only in my mid-20s, he seemed "ancient" to me and likely to die any day — he actually lived until he was 92. So I was determined to go into his office almost every day that he was around to pick his brain for an hour or two about the "old Vienna days" with Ludwig von Mises and the other Austrian economists of the interwar period, his "battles" with John Maynard Keynes in the 1930s, and his clashes with the advocates of socialist central planning.

I must say that Hayek was the epitome of the old world Viennese gentleman, generous with his time, patient with questions,



many of which he must have heard a hundred times over his long career, and often amusingly self-deprecating in telling the stories of his intellectual exchanges with those on the collectivist and interventionist sides in the grand ideological and economic policy debates in the middle decades of the 20th century in which he participated.

Hayek had been a lifelong pipe smoker, but his doctor had insisted he give it up. But needing his nicotine “fix,” he would sit while talking to you sniffing snuff, with the snuff threads and residue dribbling on to his mustache and down onto his tie. Sometimes it was hard to focus on the conversation as your attention, uncontrollably, was drawn to watch where the snuff would fall next.

In retrospect, I am especially grateful that he was so pleasantly tolerant for what he must have considered a brash and pesty young man who imposed on his time day after day. If one could have an image of what an ideal Nobel laureate might be in personality and temperament, Friedrich

A. Hayek would fit that image perfectly.

## VII

### AT NYU WITH ISRAEL KIRZNER AND LUDWIG LACHMANN

I also started attending graduate classes in 1976 at New York University as part of the Austrian Economics program organized by Israel Kirzner.

The weekly Austrian Economics seminar with the other graduate students and often famous visiting guests who delivered papers was one of the most thrilling and educational experiences I’ve ever had. It gave all of us a sense and feel of what Ludwig von Mises’s “private seminar” in Vienna in the 1920s and early 1930s must have been like.

The discussions at the NYU Austrian seminar encompassed everything from critiques of the frontiers of mainstream economics, to attempts at new and original contributions to Austrian theory, to interpretative investigations into the history of economic ideas, to questions concerning the methodology and methods of economic science.

Ludwig M. Lachmann, who had studied with Hayek at the London School of Economics after having left Germany in 1933, had made major contributions to Austrian capital theory and a dynamic conception of the market process. Long a professor of economics in South Africa, he came to NYU as a visiting professor on a regular basis.

His graduate seminar was a stimulating experience in which after delivering a series of lectures himself for the first few weeks of the semester, the rest of the term was taken up with the graduate students delivering papers and having them subjected to challenging criticisms from both Lachmann and the other participants. Among the regulars with me in Lachmann's courses were Don Lavoie and Jack High, both of whom became professors at George Mason University in Fairfax, Virginia.

Lachmann's office door was always open, and I consistently took advantage of it. He would say in his gravelly, singsong voice, "Well, Mr. Ebeling, in these four walls we can speak our mind."

And soon the discussion was drifting to the rarefied heights of abstract economic theory, and to his own recollections of those great economic battles of the 1930s and 1940s between the Austrian economists and their Keynesian and socialist critics. And, in an almost hushed conspiratorial whisper, we discussed how the "Austrian" approach might be advanced in the hostile climate of mainstream economics.

Israel Kirzner was and is the "ideal type" of the economist's economist.

Whether in his office at NYU or in the Austrian Economics seminar, Kirzner was the deliberative, balanced, and thoughtful thinker who in the most scholarly manner explained the Austrian theory of entrepreneurship and the market process, while always showing the most careful respect and attention to alternative approaches and conceptions of the market order within the economics profession.

His training as a rabbinical scholar, with its detailed appreciation of words, meanings, and conceptual nuance, was ever present in his careful and comprehensive textual analysis and critique of both Austrian and mainstream works in economic theory and its applications to the nature and logic of the market process.

## VIII FUN AND ECONOMICS WITH MURRAY ROTHBARD

Murray Rothbard's influence was different. I learned a great deal of clear and logical thinking from his writings on Austrian economics, especially his monumental two-volume treatise, *Man, Economy and State*, which systematically stated, refined, and advanced the entire corpus of Austrian theory from the conception of human action to the nature and effects of government intervention in the market economy. But he was also the radical libertarian, the system builder of a "science of liberty" based on the "natural rights" of individuals to freedom.

Anyone who spent an evening that usually went long into the night at Rothbard's Manhattan apartment lived a unique experience. His large apartment was crammed with books in every room from ceiling to floor on every conceivable subject, every volume of which he seemingly had read based on his ability to restate and then critically evaluate the content of virtually any one of them that you pulled off a shelf.

Rothbard would regale us with personal stories, amusing narratives of historical epochs, details of economic theories and policies, with their strengths and weaknesses, and an unending stream of political jokes and songs from all along the political spectrum with which he would entertain his visitors until way into the wee hours of the morning.

But he could be a difficult person, who you did not want to get on the wrong side of. You could find yourself condemned, criticized, and banished from the Rothbardian circle — a fate worse than death for any young admirer who felt as if he had been expelled from the libertarian Garden of Eden.

## IX TIME WITH FRITZ MACHLUP OR OSKAR MORGENSTERN

New York University also provided the opportunity to interact with two other noted economists who had been part of the inter-war Austrian generation in the Vienna of the 1920s and 1930s, Fritz

Machlup and Oskar Morgenstern. The universities at which they had, respectively, taught, Johns Hopkins and Princeton, had mandatory retirement ages, but NYU did not, precisely to bring on board noted scholars.

Fritz Machlup, who had been Ludwig von Mises's assistant at the University of Vienna after completing his doctoral degree under Mises's supervision, was a wealth of stories about Mises's famous private seminar that met twice a month through a good part of each year in Mises's office at the Vienna Chamber of Commerce, where Mises earned his living as a senior economic analyst. He provided hilarious anecdotes about meetings of the Austrian Economics Society, and the rivalries and intrigues at the University of Vienna between Mises and another main figure of the Austrian school at that time, Hans Mayer (who later collaborated with the Nazis after the German annexation of Austria in March of 1938).

Machlup was a charming man, always generous with his time. My last lunch with him was on January 27, 1983. He told me that he was going into the hospital soon for a heart bypass operation, but when he had recovered we needed to get together again. He'd not finished telling me some additional amusing tales about the old Vienna days. Three days later, on January 30, he died from heart failure, a date that was also my birthday. I always think of him with the fondest memories every year as another of my birthdays rolls around.

Oskar Morgenstern was as friendly and open to sharing his time as Machlup. Don Lavoie and I took Morgenstern's course on the history of economic ideas, about which he was very knowledgeable. He was especially insistent, when discussing the history of monetary theory and policy, to emphasize, over and over again, the non-neutral, microeconomic time-sequential processes by which changes in the quantity of money inescapably distort the structure of relative prices and wages, and the patterns of production and employment, during both inflationary and deflationary episodes.

Best known for his contribution with John von Neumann to the development of game theory, in conversation or in classes like the one Don Lavoie and I took with him, Morgenstern constantly

showed the influence of his interwar Austrian roots. He, too, shared stories of his association with Hans Mayer, in his role as assistant editor (along with Paul Rosenstein-Rodan, the later development theorist) of the *Zeitschrift für Nationalökonomie* (the leading Austrian economics journal) under Mayer's general editorship.

Morgenstern explained that Rosenstein-Rodan was a bit of a womanizer and would sometimes disappear with the galley pages of the next issue of the *Zeitschrift* on one of his romantic weekends, and forget them wherever he had gone; this drove Morgenstern crazy as a publishing deadline would be approaching.

The history-of-economic-thought course that Lavoie and I took with Morgenstern was, unfortunately, his last. Before the semester was over, Morgenstern died of cancer, and Israel Kirzner had to finish teaching the course in his place. Kirzner was no less brilliant at presenting the material than Morgenstern had been.

I went on to earn my MA degree in economics from Rutgers University in New Jersey, doing my master's thesis on the monetary and expectations theories of the Swedish economists, focusing especially on Knut Wicksell, Johann Akerman, Erik Lindahl, and Gunnar Myrdal. I also had my first teaching experience at Rutgers as an adjunct, part-time professor.

## X

### TEA TIMES WITH MARGIT VON MISES

One other lucky relationship I had was with Ludwig von Mises's widow, Margit. Shortly after the publication of her book, *My Years With Ludwig von Mises* (1977), I wrote a review of it for Murray Rothbard's newsletter, *Libertarian Forum*. She was delighted with my review and asked Rothbard to introduce me to her. Murray and his wife, Joey, arranged for a Sunday brunch at their apartment, and I still remember the excellent quiche that Joey prepared.

This led to my regularly coming to the apartment where Margit and Mises had lived at 777 West End Avenue in Manhattan, usually once or twice a month for several years while I remained in the New York area. She would always prepare little, tasty finger

sandwiches with tea. Again, I learned a good deal about Mises “the man” and their relationship with each other.

She sometimes would invite other guests for tea, which gave me the chance to meet some people who I only knew from their writings, such as John Chamberlin, the longtime book reviewer and author of *The Roots of Capitalism* (1965), and the political scientist Gottfried Dietze, author of *In Defense of Property* (1963) and *Liberalism Proper and Proper Liberalism* (1968).

It was also through Margit von Mises that I was introduced to Ilse Schutz, the widow of the famous Austrian sociologist Alfred Schutz, who had combined Max Weber’s sociology with aspects of Austrian economics to develop a theory of how people form interpersonal expectations for complex social coordination. Because I was a poor graduate student at the time, Mrs. Schutz took pity on me and was kind enough to give me three volumes of Schutz’s collected essays, which I still cherish as part of my library.

## XI TEACHING IN IRELAND AND MEETING LIONEL ROBBINS AT THE LSE

I then spent the school years 1981-1983 teaching in Ireland with a great Irish “Austrian” and classical liberal economist, David O’Mahony, at University College, in the city of Cork. David had studied for a couple of years with Wilhelm Röpke at the Graduate Institute of International Studies in Geneva, Switzerland, in the late 1950s. He said that when Röpke entered the seminar room it was “as if electricity was in the air” from the very presence and dynamism of Röpke’s personality, which was almost like an Old Testament prophet, warning of the hellfire and damnation facing humanity from the collectivist trends of the time, and the need for redemption through the scientific logic and humane ethics of the market order.

My time in Ireland enabled me to make occasional visits to London.

Here I met an amazing classical liberal bibliophile, Chris Tame, who at that time was running the Alternative Book Shop. Through

him I found a treasure-trove of often-rare great works by classical liberal and free market economists from the 19th century and early decades of the 20th century.

I also knew someone who was studying at the London School of Economics at the time, and I accompanied them to sit in on some of the history-of-economic-thought lectures of (Lord) Lionel Robbins, who was at that time focusing on the contributions of the classical economist Thomas Malthus, famous for his theory of population. With wit, charm, and delightful humor, Robbins took his students through the premises, logic, and missteps in Malthus's reasoning. At the end of each class session, the students actually gave Robbins a standing ovation and, in my opinion, rightly deserved; he was a master of both the material and the art of presentation in the classroom.

I arranged to meet with him in his office, since I wanted to ask him about his connections with the Austrian economists in the 1920s and 1930s, especially Ludwig von Mises and Friedrich A. Hayek, since he was a prime mover in arranging the appointment that brought Hayek from Vienna to the LSE in 1931.

Robbins's desk was on a raised platform, with the visitor's low-legged chair on the adjacent floor below. This required the visitor to turn his neck and look up to converse with Robbins. This certainly reinforced the distinction between the teacher and the student, with the latter seeing the "master" as being high above him.

"Master" is relevant in another way. Hayek once wrote an essay called "Two Kinds of Minds," about the "master" and the "muddler." The master of his subject has read everything, remembers everything, and can draw upon it all in great detail at any moment, Hayek said. The muddler rarely remembers all the details and arguments of what he reads; he always has to go over things again, seemingly from the beginning. In conversation, Hayek said that when he wrote this essay he really had Robbins and himself in mind. Robbins was the master, while he, Hayek, was the muddler.

That afternoon with Lionel Robbins showed me what Hayek had in mind. Whether it was talking about Adam Smith or David Ricardo, John Stuart Mill or William Stanley Jevons, or any

number of far more obscure economists of the past, Robbins had their lives and their ideas at his fingertips. When I asked him a question about some aspect of Eugen von Böhm-Bawerk's "Austrian" capital theory, he began to quote a key passage from memory — in the original German!

But at another level, my meeting with him was disappointing. In the 1930s, Robbins had been one of the leading voices for the "Austrian" views on money and the causes and cures for the Great Depression.

When I tried to draw him out on his views then and later when he moved into a far more "Keynesian" direction, he downplayed the influence of the Austrians on his own thinking, though emphasizing their general contributions to the history of economic ideas from Menger and Böhm-Bawerk to Mises and Hayek. When I handed him his 1934 "Austrian"-oriented book, *The Great Depression*, for an inscription, he wrote, "With admission of guilt." His "Austrian" phase was clearly one that he preferred not to acknowledge or highlight.

## XII

### EARNING A PHD AND HAVING W. H. HUTT AS A COLLEAGUE

Another connection that I later had with Great Britain is that I earned my PhD at Middlesex University in London. I was fortunate to have an exceptional committee made up of David Conway, the noted classical liberal political philosopher at Middlesex, Norman Barry, an excellent political scientist and "Austrian"-oriented political economist who knew all the ins and outs of Hayek's writings, and the solid economist Dennis O'Keefe, who was affiliated with the Institute of Economic Affairs (IEA) and wrote widely on market-based educational alternatives. My submitted and approved dissertation was a series of essays titled "Austrian Economics and the Political Economy of Freedom." It later became the basis of a book published by Edward Elgar in 2003.

Returning to America, I had a one-year visiting fellowship at New York



University, with Israel Kirzner's Austrian program, after which I landed a full-time teaching position at the University of Dallas in Texas in 1984.

This gave me the opportunity to interact with another important British, "Austrian"-oriented economist, William H. Hutt, who was professor emeritus at the University of Dallas. Hutt had studied at the London School of Economics in the 1920s with Edwin Cannan, and taught for many decades at the University of Cape Town in South Africa, where he became a leading opponent of apartheid and defender of economic liberty for the betterment of all of that country's citizens.

During the postwar near-monopoly of Keynesian ideas among economists, Bill Hutt was an outspoken and methodical critic of the assumptions and logic of Keynes's theory of aggregate demand. Hutt was a creative defender of Say's law and the importance of competitive price and wage flexibility for full employment. If there was one flaw in his expositions it was his frequent making up of new terminology with sometimes unclear explanations. Going through his books criticizing Keynes, I found myself restating parts of his arguments in the margins, having to translate the "Huttite" language into English.

He was a kind and gentle person, and a humorously self-deprecating economist. I would arrange for Hutt to give guest lectures in some of my classes. Coming into one of them, he thanked me for assigning the students an article of his to read, but then said to the students in the strong stammer with which he often spoke, "Most economists have their works forgotten after they're dead. I have the unique status of having all of my works forgotten while I'm still alive."

The students were very fond of Hutt, and often helped his wife, Kiki, with the wheelchair with which he used to get around the campus due to increasingly debilitating arthritis. Some of them came up with the following riddle: Why does Professor Hutt always go around in a wheelchair? Answer: Because he hates Keynes.

Regardless of his growing physical difficulties, nearly every day he was in his campus office reading the latest journal articles and writing another essay on any variety of theoretical or policy themes. He passed away at the age of 88 in 1988.

XIII  
VICE PRESIDENT FOR THE FUTURE  
OF FREEDOM FOUNDATION

While in Dallas, I had met a lawyer there named Jacob “Bumper” Hornberger. The chairman of the economics department at the University of Dallas, Samuel Bostaph, had been tutoring him in the “classics” of economics. When it was time to go through Mises’s *Human Action*, Bostaph suggested that he get me to tutor him on this book.

At first I was reluctant, since as a new professor there, I had a number of new course preparations to work on. But when he told me the fee he’d pay me for the tutorials, I immediately said yes! I would prepare an outline of each of the chapters in *Human Action* for our sessions together. I soon found that most of the time he preferred to discuss libertarianism and my views on various public policy issues, so I really did not have to do very much work before our meetings. Plus, after our time together, he would almost always offer to buy me lunch.

When he told me a couple of years later that he was leaving Dallas to become program director at the Foundation for Economic Education, I was really very depressed. I had been getting great pay for little work in addition to free lunches, as well. I was extremely sad to see him go!

But in 1989, Hornberger contacted me to say he was leaving FEE to set up his own organization, the Future of Freedom Foundation (FFF) and asked if I would be willing to serve as vice-president for academic affairs. For the next 13 years, from 1990 to 2003, I wrote a monthly article and book review for FFF’s publication, *Freedom Daily*, which has since been renamed *Future of Freedom*.

We jointly edited and published a series of what I still consider valuable books: *The Dangers of Socialized Medicine* (1992), *The Case for Freedom Trade and Open Immigration* (1994), and *The Failure of America’s Foreign Wars* (1995), in addition to a number of others.

Teaching at Hillsdale College and *Discovering Mises’s “Lost Papers”* After four years at the University of Dallas, I was offered a position at Hillsdale College in Michigan, as the Ludwig von

Mises Professor of Economics — and I should add, no doubt due to what I later found out was an exceptionally positive letter of recommendation from Israel Kirzner to George Roche, the then president of Hillsdale College. I was at Hillsdale for 15 years, from 1988 to 2003.

At Hillsdale, I had an opportunity to organize and host the annual Ludwig von Mises Lecture series, and the accompanying volume of essays based on the papers delivered at the weeklong conferences. But the most rewarding aspect of my years there was the exceptional students I had in my classes, especially the two-semester courses on Austrian economics and the history of economic thought.

Some of my best students have, themselves, become scholars and professors. These include Peter Calcagno at the College of Charleston in South Carolina, Paul Cwik at Mount Olive College in North Carolina, Peter Leeson at George Mason University in Fairfax, Virginia, Robert Murphy at Texas Tech in Lubbock, Texas, and Ryan Oprea at University of California at Santa Barbara.

The other major highlight to my time at Hillsdale College was the opportunity to find and recover the “lost papers” of Ludwig von Mises from a formerly secret KGB archive in Moscow, Russia, in 1996. Mises’s personal and professional papers had been looted by the Nazis from his Vienna apartment in March 1938, and they ended up in the hands of the Soviet Army at the end of the Second World War in May 1945, along with a huge cache of other collections of private and government papers and documents that the Nazis had plundered in the various countries they occupied during the war.

I have written about it in some detail in other places. Suffice it to say that when my wife, Anna, and I found out about the existence and the location of Mises’s paper Roche immediately arranged the funding for Anna and me to travel to Moscow.

The task would have been impossible if not for Anna, who is Russian by birth and lived a good part of her life in Moscow. Her friends arranged our entrée into the archive, and she knew how to negotiate and basically bribe the archive officials so we could photocopy nearly 10,000 pages of material that made up Mises’s papers being held in Russian hands.

Shortly after returning to the United States, the news got out about our discovery, the Liberty Fund of Indianapolis approached Hillsdale College and me about their funding the translation of a large selection of these papers under my editorial supervision. The outcome is the three-volume, *Selected Writings of Ludwig von Mises* (2000; 2003; 2010), handsomely published by Liberty Fund.

Serving as President of the Foundation for Economic Education

The next opportunity that came my way was in 2003, when I was offered the presidency of the Foundation for Economic Education (FEE).

Founded in 1946 by Leonard E. Read, FEE was the first and only free market-oriented educational organization in the post-Second World War for almost two decades. It preserved and presented the ideas and ideals of classical liberalism through its monthly publication, the *Freeman*, and seminars around the country.

Leonard Read remained at its helm until his death in 1983. For the next 20 years, however, the Foundation drifted and depleted a good part of its endowment and reserve funds. Notable efforts to maintain the activities and reputation of FEE were made by Hans Sennholz and Donald Boudreaux, who served as presidents for parts of those two decades. But by 2003, many on the FEE board were thinking that it was time to close down the Foundation and distribute its remaining assets among other free market organizations.

The board decided to give it one more chance, and they offered me the job. The donor lists had been neglected and were out-of-date to a great extent. Besides still publishing the *Freeman*, the Foundation was limited in its activities to some summer seminars, and its financial situation was seriously in the red.

FEE and its publications had played an important part in my intellectual development, especially in my teens and 20s. I was determined to turn things around, if it was possible. We updated and modernized the donor lists and base. I started hitting the road meeting with former supporters, remaining existing donors and following leads for new supporters. The upshot was that when I arrived the FEE budget was about \$1.5 million and the deficit was about half a million. By the time I left five years later in 2008, the budget had grown to several million, and there was a nearly quarter-million-dollar surplus.

We started doing regional, weekend seminars around the United States, focusing on adult audiences. We reworked and expanded the summer weeklong student seminars at FEE's headquarters in Irvington-on-Hudson in New York, to one every other week, and had far more applications to attend than space to accept all who wanted to come. And we introduced FEE student seminars in former Soviet bloc countries. We did them three times in the Czech Republic, twice in the Republics of Georgia and Armenia, and once in Ukraine. They were hugely successful.

We also dramatically redid the FEE website, and began having thousands of hits and visits every week. We also early on introduced "Evenings at FEE," a monthly guest lecture series at the FEE mansion in Irvington. In a short period of time, they were drawing anywhere between 150 to 250 or more people from the greater New York, New Jersey, and Connecticut tri-state area nearly every month depending upon who the speaker might be. Abridged versions of the guest talks were published in the monthly Notes from FEE, including lectures by Nobel laureate economist Vernon Smith and noted Russian and Soviet expert Richard Pipes.

We began annual gala banquet events that had as the keynote speakers such outstanding people as Walter Williams, James M. Buchanan, Vaclav Klaus (former president of the Czech Republic), Richard Epstein, and others.

New life and a future had been breathed into FEE by the end of those five years. It was a challenging and demanding half a decade, but a highly rewarding one in terms of its achievements and outcomes.

#### XIV MOVING ON BACK TO ACADEMIA

In 2008, Anna and I decided to return to academia. For an academic year I was a visiting professor at Trinity College in Hartford, Connecticut, and a senior research fellow at the American Institute for Economic Research (AIER) in Great Barrington, Massachusetts. The latter position required me to follow and write

weekly commentaries for the Institute's website and print publications on what became the financial and general economic crisis of 2008-9.

Tracking all that was going on in great detail to do my articles reinforced my understanding that the economic downturn was not a "failure of capitalism," as it is often portrayed, but another tragic instance of the outcome of misguided government monetary, fiscal, and regulatory policy. The crisis of 2008-9, and what followed, was in fact another failure of the interventionist state.

At the same time, I was finishing my book, *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (Routledge 2010). My purpose was to offer a fairly detailed interpretive analysis of certain central ideas of the "Austrian" approach using Mises's contributions as the focal point.

It also enabled me to draw upon Mises's "lost papers" to analyze a part of his work that few in the postwar period had any knowledge and appreciation of, that being his work as a senior policy analyst for the Vienna Chamber of Commerce for about a quarter of a century in the midst of the dangers and implementations of socialist and interventionist ideas in his home country of Austria and other parts of Europe.

As I said at one point, if you ever wondered, "Well, how do you apply Austrian Economics to the real world?", here was one of its leading contributors in the 20th century doing just that on an everyday basis from before the First World War to the middle of the 1930s.

From Trinity College, I moved to Midland, Michigan, in 2009 to teach economics at Northwood University, a private institution of higher learning dedicated to the ideas of free enterprise and entrepreneurial creativity in training a new generation of business leaders. Good colleagues and interested students made my time there most enjoyable.

Since 2014, I have been the BB&T Professor of Ethics and Free Enterprise Leadership at The Citadel in Charleston, South Carolina.

Being the "Military College of South Carolina" means that the students who choose to come here are highly self-selecting. Most of them are dedicated and determined to acquire a first-class

education in any of the subjects offered at any other quality liberal arts institution. And that includes serious attention to earning their business degrees and learning about the essential principles and applications of the market economy, without which a system of free enterprise cannot be sustained in the long run.

During my time at The Citadel I have published two e-books, *Monetary Central Planning and the State* (2015) and *Austrian Economics and Public Policy: Restoring Freedom and Prosperity* (2016), under the auspice of the Future of Freedom Foundation. Both of them were among the top 10 in two of Amazon's book categories during the initial six months, respectively, following their publication.

And for more than a year now, I have had the pleasure, again, to also serve as a senior fellow for the American Institute for Economic Research, for which I write a weekly article for AIER's website. AIER has also recently published my latest book, *For a New Liberalism* (2019), making the case for a restored classical liberalism dedicated to the liberty and dignity of the individual in a social system of free markets and the voluntary associations of civil society.

## XV IN CONCLUSION

So that is my story; a story of a person who by chance was introduced to Ayn Rand's writings and followed some footnote references in her books; who spent a lot of time in a university library discovering much of the Austrian Economics literature and the classical liberal tradition, and reading most of their contributions totally on his own.

I had no one to talk to about these ideas. My undergraduate professors were at best indifferent and most often antagonistic and ridiculing of these "anachronistic" thinkers that some very peculiar and irritating student had dug out of old dust-collecting books and journals in the library.

But it was the starting point for the rest of my intellectual and professional life. I've had no regrets.