

FREEMarket

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WHY I AM AN ECONOMIST

Walter Block

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When I was about 18 years old I purchased my first bit of real estate. It was a four-family apartment house in the Sheepshead Bay neighborhood of Brooklyn, New York, right near the ocean. I thought that one day it would become quite valuable. It was rent controlled and the rents were extremely low, so I was able to purchase it from the proceeds of part-time and summer jobs, plus my Bar Mitzvah presents received on my 13th birthday, pretty much all of which I had saved. My next venture, a few years later was a 10-family house on East 84th Street between 2nd and 3rd Avenues, potentially a very high-rent district.

During the time I was studying for my Ph.D. degree at Columbia University, I was renting an apartment in a 24-suite building nearby, on 122nd Street, between Broadway and Amsterdam Avenue. Too close to Harlem to be considered a luxury area, it was the only building on the block not owned by the Jewish Theological Seminary, also located there. I soon purchased this one, too. Right before I left this business I was hot on the trail of an even bigger proposition: an 80-family building on Broadway in the 90s, right near where Murray Rothbard lived on West 88th Street. I had had success at each step of my real estate career, and was contemplating even further expansion.

Why did I quit? Because I went to sleep thinking about the roofing problem on the Brooklyn house; or the lady in apartment 2F who needed a new refrigerator; or the man in 4B whose toilet was leaking; or the plumbing in the house on 122nd Street. I simply didn't *want* to concern myself with issues of this sort. I was a landlord only as a means toward the end of amassing wealth. I didn't enjoy any of it for its own sake.

Instead, I wanted to be contemplating such issues as the role of government; what was all this about Austrian economics that I was reading for the first time; could the oceans really be privatized? I was in the midst of writing essays that would eventually become the chapters of *Defending the Undefendable*, and all these topics were more and more coming to intrigue me. Intrigue me? No. It was much more serious. I would now say in looking back that I was devastated at having to spend virtually any time on anything else. →

So why don't I want to recommend the business path to the best of my students, the ones who have seriously been bitten by the beauty of Austro-libertarianism, as I was all those years ago? Because I do not think they will be *happy* contemplating price differentials in currencies, except insofar as these thoughts can help them get to the bottom of, and make the case for, the gold standard or free-market money. I don't think these kids will be fulfilled by digging into the essence of interest rates, only to earn money in futures markets.

In short, I think they will be deliriously happy, as I then was and now still am, to thereby in this way improve upon or better promote or defend against critics, the Austrian business cycle theory, for example. If my students are interested in real estate, better to write the best new case against rent control, or public housing, or zoning, rather than to worry about scores of tenants in buildings they are managing, and the problems they are having with roofs, plumbing, heating or air-conditioning.

Don't get me wrong. As an advocate of the free society, I full well realize that we cannot have an economy at all, let alone a civilized one, if no one, to quote a phrase, "takes care of business." I stand second to no one in my appreciation of what those who pursue commercial endeavors do for our society.

Further, I think that of all the academics associated with the Mises Institute, I am amongst those *most* appreciative of the role played by its financial supporters from the world of business and entrepreneurship. Without them, the edifice, the necessary capital equipment, simply would not be there.

But still, this does not imply that for those of my students who are on the fence concerning careers in business versus full-time professional efforts to promote liberty, I should push them in the former direction. I very much favor the *latter* course of action, for, as important as is business, those of us who strive mightily to ensure that businessmen are allowed to freely engage in commerce *also* make a crucial contribution.

Here is a second reason for this stance of mine. For every ten students I inspire, encourage, cajole or, OK, OK, *nag* to take up a life of the intellectual, oh, five to seven of them might succeed. However, I think I would be very lucky indeed with a one-in-ten success rate in the other direction. That is, for these kids to not only be successful in business, but to also keep that white hot appreciation of economic liberty burning over the many decades necessary for them to have enough money to contribute significantly to groups such as the Mises Institute. Why? Because just about everything they do in an academic field (certainly including journalism, working as a free-market think tank analyst, etc.) will further buttress their beliefs, and encourage them in their libertarianism.

To be sure, we are not talking anything like 100 percent here. As a professor, there are still exams to be graded, committee meetings to attend, etc. But, in contrast, almost *nothing* in the business world promotes the ideas of liberty, apart from exemplifying it, as does all marketplace activity. They will be concerned about the IRS, or the regulatory bureau, or staying one step ahead of their competitors, or satisfying consumers, or with paying off housing inspectors, or

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with building a better mouse (of the Disney or computer variety) or mousetrap. I think it is the rare young person, the *very* rare one, who can keep within him burning the flame of liberty after decades of this sort of thing.

It would be interesting to conduct a survey amongst the present donors of the Mises Institute: how many of them were fervent libertarians as young people, and kept this “fire in their belly” going strong for decades while working in the business community? How many were, instead, “born again”: later in life, after much success in commerce, they came to realize the contribution to civilization of this organization? I suspect that the latter will predominate.

What about doing both? That is, having careers both as an intellectual and as a businessman? I know of only a mere handful of cases where people have made important contributions in these two very different fields. This must be

the overwhelming exception, not the general rule. This is due to the power of specialization and the division of labor. How many professional tennis players are also world-class violinists? How many really good movie actors are physicians? Even Michael Jordan, perhaps the best basketball player who ever dunked a ball, was a total failure at baseball, a not completely unrelated enterprise.

So I shall continue to refer those of my very best students who are interested in promoting liberty and Austrian economics on a full-time professional basis to do just that. If there is one thing I am passionate about, it is passing on to the next generation the baton that Murray Rothbard a while ago passed on to me and my contemporaries. ■

Several books by Walter Block will appear from the Mises Institute in 2007.

A WORLD WITHOUT IDEAS OF LIBERTY

Llewellyn H. Rockwell, Jr.

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This is the 25th anniversary year of the Mises Institute, and we can truly celebrate a quarter century of remarkable achievement. And yet I periodically detect a pessimism that approaches despair sweeping through libertarian ranks. Why aren't all our efforts making a difference? Are we wasting our time with our publications, conferences, scholarships, editorials, vast web presence, recruitments of thousands of young people? Have our educational efforts ever made any difference?

There are a thousand reasons to object to this line of thought. Let us speak to the moral and strategic ones directly. Despair is a vice that squelches and defeats the human spirit. Hope, on the other hand, creates and builds. It is true in business, sports, and intellectual life. We must see success in the future in order to achieve it.

Murray Rothbard used to wonder why people who believe that liberty is unachievable or that activism of any sort is futile became libertarian in the first

place. Would a team that is convinced that it will lose every game practice or come together at all? Would an entrepreneur who is convinced that he or she will go bankrupt ever invest a dime?

Perhaps you could say that a person has no choice but to follow the truth even when it is obvious that failure is inevitable. And truly there is some virtue in doing so. But as a practical matter, it makes no sense to waste one's time doing something that is futile when one could be doing something that is productive and at least potentially successful.

Here is the crucial matter to consider. What might have been the fate of liberty if no one had cared about it in the last 100 years? That is an important way to look at this issue, one that accords with Frédéric Bastiat's emphasis on looking not only at the seen but also at the unseen.

Bastiat urged us to look at the unseen costs of state intervention. I ask that we look at the unseen benefits of activism on the part of liberty. We need to look at the statism that we do not experience, and what the world would be like if it weren't for the efforts of libertarians.

Less than a century ago, in our own country, the state was in its heyday. Socialism was the intellectual fashion, even more so than today. The income tax was seen as the answer to fiscal woes. Inflation and central banking would solve our problems with money. Antitrust regulation and litigation would achieve perfect industrial organization. World war would end despotism, or so that generation believed.

Preposterously, a small faction that would later be dominant in public life believed that if we could just pass national legislation against drinking, sobriety would prevail. Fathers would become responsible, sons would become educated, churches would fill with pious worshippers, and even poverty—which people then as now associated with substance abuse—would be a thing of the past. Speech should be thoroughly controlled and dissidents suppressed. Health

care should be cartelized. The environment should be protected. The state would uplift us in every way.

If that trend had continued, we would have had totalitarianism right here at home. If the state had had its way—and the state is always happy with more power and money—there would have been no zone of freedom left to us, and we would live as people have always lived when the state controlled every aspect of life: in the absence of civilization. It would have been a catastrophe.

But it didn't happen. Why? Because people objected, and they kept objecting for the remainder of the century. An anti-war movement put a major dent in the war and led to an unraveling of the state afterwards—and kept us out of more wars for many years. Public outrage at the income tax led to keeping a lid on it. Inflation was kept in check by intellectuals who warned of the effects of central banking. So too with antitrust action, which has been set back by libertarian ideology. Free speech has also been protected through activism.

The alcohol prohibitionists managed to pass a constitutional amendment banning all liquor—think of that!—but their victory was short lived. Public opinion rose up against them and the amendment was eventually repealed. It was a magnificent reversal, brought about mainly by the force of public ideology that said it was causing more harm than good and violating people's rights.

We can look forward in time and see another bout of statism during the New Deal and World War II. But the state faced resistance. FDR and Truman hated, spied on, and harassed their opponents, but their opponents prevailed. FDR was stymied in his attempts to further the state, which is why he turned to war. Wartime planning and price controls were beaten back against Truman's objections. The same was true with Vietnam and the draft. The war ended because public opinion turned against it.

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News from the Institute

Barron's

Gene Epstein, writing in *Barron's*, strongly recommends two books published by the Mises Institute last year. First, he urged his readers to look at Jesús Huerta de Soto's *Money, Bank Credit, and Economic Cycles*. "Words like 'magisterial' and 'definitive' might scare off the average reader, so I'll refrain from using them to describe this book—a readable and often entertaining treatment of an extremely important topic. It has been translated into clear and graceful English from the original Spanish." He also likes *The Quotable Mises*, edited by Mark Thornton.

For Austrians, past works in economics deserve to be available because they convey timeless truths about the world around us. (This is in contrast to mainstream economics, which dates itself rather quickly!). For this reason, Mises.org devotes a vast amount of energy to making available classics by Mises, Rothbard, Nock, Hayek, Flynn, Hazlitt, and Robbins, as well as lesser known works of C.A. Phillips, F.A. "Baldy" Harper, J.B. Clark, and many others. ■

Austrian Scholars Conference

The Austrian Scholars Conference is shaping up to be the biggest and most exciting in its history. Please join us March 15–17, 2007, in Auburn. ■

Celebrate With Us

Celebrate with us! 2007 is the 25th anniversary of the Mises Institute. Watch for special events and more. ■

50th Anniversary

Grove City College is hosting a two-day conference to celebrate the 50th anniversary of the Honorary Doctorate conferred on Ludwig von Mises in June 1957. The keynote lecture will be given by Hans Sennholz. Also speaking will be Joseph Salerno, Hans Hoppe, Tom DiLorenzo, Mark Thornton, Tom Woods, Guido Hülsmann, and David Gordon. Lew Rockwell will be the closing speaker following dinner, and he will speak on the prospects for the Misesian movement. The conference is February 23–24 at Grove City College, Grove City, Pennsylvania. For more information contact Jeffrey Herbener (jmherbener@gcc.edu).

Five years after Mises died in 1973, his widow, Margit von Mises, sought out their friend, Hans Sennholz, to make Grove City College the permanent home to Mises's papers and library. Sennholz gratefully accepted custody of the papers and hoped that Mises's library would be available for graduate students. Since 1978, the 20,000-page Mises Archive at Grove City has been the source of four books from his previously unpublished manuscripts. ■

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Reality conformed more closely to the critic's views than to the proponent's views. We won.

Nixon limited traffic speed to 55mph by national decree. But another major rollback of the state happened and that was repealed. Then Carter did some good things, like deregulate trucking, and he did it because of public pressure and the triumph of free-market economics.

Again, what we need to take into account are the unseen benefits of activism. Had the advocates of liberty never spoken up, never written books, never taught in the classroom, never written editorials, and never advanced their views in any public or private forum, would the cause of liberty have been better off or the same? No way.

You have to do the counterfactual in order to understand the impact of ideology. Libertarian ideology, in all its forms, has literally saved the world from the state, which always and everywhere wants to advance and never roll back. If it does not advance and if it does roll back (however rarely), it is to the credit of public ideology.

Most of the time the impact is hard to measure and even sometimes hard to detect. Libertarian ideas are like stones dropping into water, which make waves in so many directions that no one is sure where they come from. But there are times when the Mises Institute has made a direct hit, and we know from personal testimony that we've caused bureaucrats and politicians to fly into a rage at what we are saying and what we are doing. If you think public opinion doesn't matter to these people, think again. They are terrified about the impressions the public has of their work. They can be completely demoralized by public opposition.

We live in times of incredible prosperity, unlike any we've ever known. This is due solely to the zones of freedom that remain in today's world, technology and communication among them. Why are these sectors freer and hence more productive than the rest? Because

this is an area in which we've achieved success. The state is terrified to touch the internet for fear of public hostility.

Again let me ask the question: does anyone really believe that these zones of freedom are best protected when there is no public advocacy of the libertarian cause? Would Bush feel more or less secure in the continued conduct of his egregious war if the antiwar movement shut up and dried up? Would entrepreneurs feel more or less at liberty to invest if there were no advocates for their cause working in public and intellectual life?

When measuring the success of the freedom movement, these are the sorts of questions we have to ask. It is not enough to observe that the world has yet to conform to our image. We need to take note of the ways in which the world has not conformed to the state's image. No state is liberal by nature, said Mises. Every state wants to control all. If it does not do so, the major reason is that freedom-minded intellectuals are making the difference.

If it were otherwise, why would the state care so intensely about suppressing ideas with which it disagrees? Why would there be political censorship? Why would the state bother with propaganda at all?

Ideas matter. More than we know. Why haven't we won? Because we are not doing enough and our ranks are not big enough. We need to do what we are doing on ever-grander scales. We need to make ever-better arguments on behalf of liberty. And we need to have patience, just like the prohibitionists and socialists had patience to see their agenda to the end. They've had their day. Our time will come, provided that we don't listen to the counsel of despair.

The angel Clarence says in *It's a Wonderful Life* that "Each man's life touches so many other lives. When he isn't around he leaves an awful hole, doesn't he?"

It's something for anyone who advocates liberty to think about before he pulls back. ■

Mark your calendar!
March 15–17, 2007

Austrian

SCHOLARS CONFERENCE

Ludwig von Mises Institute ■ Auburn, Alabama



Over the course of three full days, the Austrian Scholars Conference offers 80-plus presentations on economics, history, philosophy, and the humanities, in addition to named lectures by the leaders in the field. It combines all the opportunities of a professional meeting, with the added attraction of hearing and presenting new and innovative research, engaging in vigorous debate, and interacting with like-minded scholars who share research interests.

Named Lectures:

- **Mises Memorial Lecture:** Antony Mueller, *University of Caxias do Sul, Brazil*. “Contemporary Applications of the Monetary Economics of the Misesian School”
- **Rothbard Memorial Lecture:** Edward Stringham, *San Jose State University*. “Extensions of Rothbardian Anarchist Analytics”
- **Hayek Memorial Lecture:** Gerald R. Steele, *Lancaster University Management School*. “Reflecting Upon Knowledge: Hayek’s Psychology and Social Science”
- **Hazlitt Memorial Lecture:** Declan McCullagh, *CNET News.com, Chief Political Correspondent*. “Feet to the Fire: The New Media and the Elites”
- **Lou Church Memorial Lecture:** William Luckey, *Christendom College*. “Why Do Religious People Tend to Resist the Logic of Market Economics?”

To suggest papers and sessions, write Joseph Salerno (jsale@earthlink.net) or Jeff Tucker (tucker@mises.org). Submissions will be accepted until all the time slots are taken.



U P C O M I N G E V E N T S

- AUSTRIAN SCHOLARS CONFERENCE 2007
Auburn, Alabama • March 15–17, 2007
- MISES UNIVERSITY
Auburn, Alabama • July 29–August 4, 2007

Register for any conference online at mises.org or by phone at 800-636-4737.
 Details for each event are available online at mises.org.



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