An Austrian Perspective on the History of Economic Thought
Volume I: Economic Thought Before Adam Smith
Volume II: Classical Economics
Murray N. Rothbard
and ISBN 1–85278–962–X (Vol. II), $240.00 (cloth).

Murray Rothbard’s highly personalized and pungent romp through the history of economic thought (very much thought and not a narrow Blaugian book on analytic techniques) runs to 1,084 pages; the coverage extends from the Greeks to Karl Marx.

Obviously such an attempt has tepid, weak, and strong points. The tepid points are that the text is remarkably clear and relatively clean; footnote references are accurate. Very few typos and mistakes of fact (e.g. The Theory of Moral Sentiments was first published in 1759 not 1757) mar the text.

At this elementary level, one of the weak points is that Rothbard often does not disclose the sources for his quotations and references. This usually occurs in the discussion of minor figures where the average history of economic thought scholar does not have a clue to find out where the stuff came from. The Bibliographical Essays, as useful as they are, do not always solve the problem of finding the source.

The second weak point is that the author, as we might say today, has “an attitude.” Everything is sifted through libertarian and Misesian litmus tests and the handwriting on the wall is definitely not drawing graphs or writing mathematical equations. Not a single diagram appears in all these pages. Interventionists, no matter how mild, are weighed in the balances and found wanting. They are either stupid, muddle-headed, or pursuing their own self-interest, improperly understood.

He traces the arrogance of mathematical economics and econometric models back to the number mysticism of the Pythagoreans. Although he likes Aristotle more than he does Plato—the Republic is a “classic apologia for totalitarianism”—the Pythagorean influence led Aristotle to a “pawky and fallacious” attempt to develop a mathematics of justice and economic exchange.
For some strange reason Rothbard leaves out the logically consistent and intelligent totalitarian, Sparta's Lycurgus. He has always been my favorite to teach students correct positive economics about the importance of money and mobility in a well-working market economy.

Now for those who agree with Rothbard's policy and methodological prescriptions, this is a strength, not a weakness, and enhances the book's value; even for those who don't, it should challenge their critical faculties. The books definitely do not suffer from the constipation of most history of economic thought textbooks which never take a stand on anything.

Rothbard takes a stand on everything, or more accurately—if we can take a leaf from the non-capitalist, bomb-toting, anarchists from whom Murray would like to carefully distinguish himself—he blows up the scaffolding supporting every tradition of economic thought except that which stems from the Scholastic, subjective utility tradition culminating in Turgot and then going underground until the Austrian revival in the later 19th century which he does not get to in these volumes. The most controversial and unexpected act of deconstruction is his savage attack on Adam Smith to which I shall return later.

One final point in the tepid to weak range is that it is hard to tell in the individual chapters how much of the research is based on primary texts and how much is really derivative from the secondary literature. I suspect that much of these two volumes reflect a brilliant recapitulation of Murray Rothbard's extensive reading notes in the secondary literature of the history of economic and social thought.

But this leads me into the really strong points of the two volumes and why every library (if not every individual scholar since they cost $240) should acquire a copy of them. They summarize and assess movements in history and schools of economic thought of which the average economist has never dreamed. In the process they draw on scholarship that is not narrowly economic or analytical to which economists and social scientists should be exposed. Here is just a small sampling of authors outside of the normal range of economists: Billington, Talmon, Cohn, Voegelin, Strauss, Himmelfarb, Baldwin, Tuck, Skinner, Pocock, Fox-Genovese, and such libertarian scholars as Raico, Salerno, Hamowy, and Liggio.

In addition to this, there are several aspects of the book which make it interesting to Christian economists. Quite definitely, Rothbard takes Christian thinking seriously and even though he personally may be hard to pin down on his own religious beliefs, treats orthodox Christianity with some civility. Rothbard does not hide behind the fact-value distinction, wrongly treated as equivalent to the positive-normative distinction. Rothbard believes in objective ethics, albeit based on reason and natural law rather than revealed law. He has great respect for the Scholastic tradition based on reason and disputation.

Unfortunately, his method is only one step removed from the classical liberal proof-texting procedure. Classical liberals often march through the common law or the natural law traditions and find those specific texts which support private property and freedom of exchange and draw entire political philosophies from those slender supports. I say, one step removed, because Rothbard is quite willing to admit that his beloved Scholastics were obsessed with the problem of usury and were just flat out wrong on such issues. But seldom does he deal with the larger issues of political philosophy and the role of the state which might prove troublesome to his libertarian presumptions.

Now Rothbard should not be criticized too strongly for this tendency because the secondary history of economic thought literature from Schumpeter to de Roover to Langholm has not done much better, nor have the historians of political philosophy. There are still many texts to be translated from the Latin and dissertations...
to be written expounding the total social and political thought of such thinkers as De Soto, Lessius, Grotius, and Pufendorf.

But even with the natural law and natural right thinkers, Rothbard is not always internally consistent. Sometimes Grotius and Pufendorf are apologists for state absolutism, sometimes the precursors for a libertarian John Locke. The Physiocrats, for example, continued Locke's work and "transformed the rather vague and holistic notions of natural law into the clear-cut firmly individualistic concepts of the natural rights of every individual human being." So even natural law that he discussed so favorably in earlier parts of the book is found wanting.

The Christian economist will find much more appealing and interesting the way in which Rothbard links the various socialist and totalitarian traditions to the apocalyptic and eschatological trends in Christian thought. He rather admires the Joachim of Flora logical solution to the relationship between the coming Kingdom of God and economics. For Joachim, man evolves into pure spirit and no body.

Economic scarcity of the usual sort dissolves, even though he does not deal with the problems of human pride in the search for power and place: who will sit at the Right Hand of the Father? Who will be first in the Kingdom of God? Of course, Rothbard does not believe that man's body will disappear, but at least it is logically consistent, that if it does so, economics as we know it will not be necessary.

Rothbard could have written a very useful history of all these apocalyptic traditions if he had put them together in one place. In order to place Marx in these traditions he goes as far back as Plotinus to understand these later developments. The links are John Scotus Erigena, Meister Eckhart, Brethren of the Free Spirit, Jacob Boehme, and Hegel.

Another very useful history that could have been collected together, instead of being scattered, is the secular history of absolutism, particularly in France from the Middle Ages to the French Revolution and beyond. The role of Philip IV, the Fair, King of France (1285-1314) begins a hard, secular, power-driven statist or absolutist tradition which culminates in Louis XIV.

The role of the unscrupulous servants runs from Nogaret to Flotte to Colbert. The tradition of the absolute monarch was so strong that the laissez faire tradition from Fenelon to Turgot and the Physiocrats could only conceive of top-down reforms brought about by grabbing the ears of the absolute monarch.

The most controversial of Rothbard's reassessments is his treatment of Adam Smith. He detests everything about this man: unoriginal where right; where original, wrong; plagiarist; obsessively jealous; Smith shunted the engine of economic analysis on to the wrong track of an objective labor theory of value which makes him a precursor of Marx and later interventionists.

Rothbard even goes so far as to interpret Das Adam Smith Problem as being the inconsistency between his libertarian, natural rights emphasis in The Theory of Moral Sentiments and his more interventionist stance in The Wealth of Nations. This flies in the face of the real problem for the Germans which was the compatibility of his emphasis in the Moral Sentiments on sympathy and ethics, compared to the cold, objective treatment of markets and exchange in the Wealth.

Even though he does not go as far as he did in his later writings in attributing the Invisible Hand and "ends which were no part of their intentions," to his hated Presbyterians, dragging even Hayek down into the mystical workings of Providence, he does strike hot blows against Smith. If I may be excused an unforgettable pun, he kauzerized Smith. The source of his interpretation is Emil Kauder whom he explicitly acknowledges as the inspiration for much of the second book.

Rothbard is to the history of economic thought what Max Weber was to culture. Religious Calvinism—even in its extenuated form of a secularized Calvinism—is at the source of all that is wrong in the modern world. Smith is a "dour Calvinist," remained an "ardent
Presbyterian," and was among the "dedicated Presbyterians." Rothbard knows that Smith was baptized an Episcopalian and trained at Oxford for the Anglican clergy, training which he did not complete. He offers little evidence for his Calvinist Presbyterian interpretation.

One does not have to go so far in the other direction as Peter Minowitz to argue that he was "anti-Christian" and an "atheist" to have some doubts about the importance of Presbyterianism in Smith's make-up. One could easily substitute Stoic for Presbyterian and come up with many of the "Protestant Ethic" components in Smith's belief system. But even then, one would have to deal with Smith's explicit rejection of such sour Stoicism in the Theory of Moral Sentiments and his personal characteristics of qualifying as a "clubbable" man.

For some strange reason, Rothbard does not quote Alexander Gray's witty little doggerel verse, "The wily bird / had never heard / of marginal utility." Frankly, it seems to me that Smith quite wisely understood what we might call the positive economics of how subjective utility determines demand and therefore prices, but he did not enshrine subjective satisfaction as the basis of a tenable normative or ethical theory. For Rothbard, Q.E.D. ■

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Restorers of Hope: Reaching the Poor in Your Community with Church-Based Ministries That Work

Amy L. Sherman


The Personal Responsibility and Work Opportunity Act of 1996 provided the impetus for significant changes in state welfare programs. For some Christians this gave energy to begin or expand their own efforts designed to pick up where federal and state programs left off. In this context, Restorers of Hope joins a growing literature that addresses urban poverty and the church's responsibility. Some churches are slowly (re)awakening to the needs of their neighbors, people who often live less than 30 minutes away, and to the reality that the church's economic, social and political patterns often contribute to the problem. Restorers encourages the diffident and pessimistic person while providing a word of caution to the naively zealous. Sherman's firsthand experience with Blue Ridge Commons, a low-income apartment complex in Charlottesville, Virginia, adds credibility to her ideas. She is a "RESTORER" herself and it is out of these experiences and her research that she writes.

Reviewer

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