



Sunday, December 07, 2003

## Five Books That Explain It All

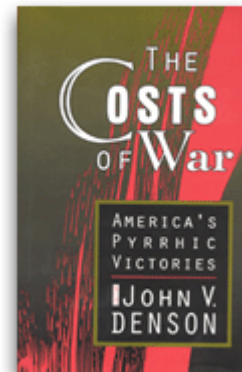
By Jeffrey Tucker

[Posted February 10, 2003]

The drive to war, the threat of terrorism, the stock-price meltdown, the continuing recession, and the decline of liberty—all add up to a moment of grave insecurity in which government power thrives and grows. Underneath it all is widespread confusion about what happened to turn the prosperous and relatively peaceful 90s into the current madness, who or what is to blame, and what to do about it.

What most people do in such times is cling to the words of politicians and the statements of TV's talking heads—the two sources least likely to offer a broad perspective that yields answers. The best means to fight back against their superficial prattle is serious study of history and economics. Looking over the Mises Institute's shelf of books, five stand out for providing a clear a historical perspective, a theoretical explanation, a forecast for the future, and an agenda for change. These are the books that are essential to understanding our times of conflict and stagnation.

*The Costs of War*, edited by John V. Denson. A debate is currently raging concerning how much Bush's proposed war on Iraq will cost (in dollar terms) and whether those costs ought to be figured into his new budget (they are not). This is an important concern, insofar as war is always financed with the people's money taken from them by force. But this book shows that the costs of war are far higher than most people realize.



In addition to outright expenditures, we must also consider the foregone uses of the resources that go into warmaking. With the resources used to spread destruction and death, families might have sent kids to college, saved for retirement, or invested in future production. No, war is never "good for the economy."

More significantly, we must consider the costs of war on freedom. Denson's book argues, as did Mises, that even victorious war can be devastating to a country's well-being. This is a point that was widely understood at the country's founding, which is why the founding generation was so adamant that the US should trade with the world but avoid all political entanglements, particularly those that lead to intrigue, conflict, and finally war.

This is amply shown by an examination of the rise of the American leviathan, the consolidation of government power, and the decline of American liberty. Contributors such as Murray N. Rothbard, Allan Carlson, Clyde Wilson, Joseph Stromberg, Hans Hoppe, Robert Higgs, Paul Fussell, Ralph Raico, and many others, weigh in to cover major areas of American history and most topics associated with the idea of war. The overriding thesis is that the friend of freedom must always be gravely skeptical of government war plans.

The influence of the volume has been immense. Appearing in 1997, it was the first (and is still the best) revisionist view of the relationship between war and freedom to

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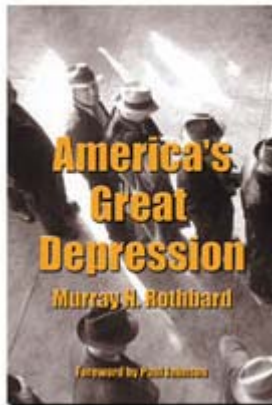
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appear after the end of the Cold War. In many ways, this book called the partisans of liberty back to their roots. It shows that believers in freedom were against the Northern attack on the South, against the Spanish American War, against World War I, and against FDR's drive to war. The support the American Right gave to the Cold War was an aberration. If you have doubts about Bush's war on Iraq, or the administration's belligerent pose in general, this book shows that you are in good company.



*America's Great Depression* by Murray N. Rothbard. A Republican president, facing relentlessly falling stock prices, tries every manner of intervention to shore up an economy headed toward liquidation. The result is new protectionism, welfare for labor, vast increases in government spending, and an economic decline that just seems to get worse all the time. This narrative could apply to George W. Bush in our own times, but it also applies to Herbert Hoover and his response to the 1929 crash on Wall Street.

Even today, students are taught that Hoover pursued a policy of laissez-faire and that FDR rescued the country with the New Deal. Rothbard shows that the story is completely false. The Hoover presidency was one of rampant intervention, policies for which he was criticized by (of all people) Franklin Roosevelt before he was elected. Rothbard further documents how Hoover's policies drove the country into depression from what might have otherwise been a brief recession. His protectionism laid the foundation for conflicts that led to World War II, his attempt to prop up banks led to the later bank closings, and his labor interventions prevented wages from falling as they should have.

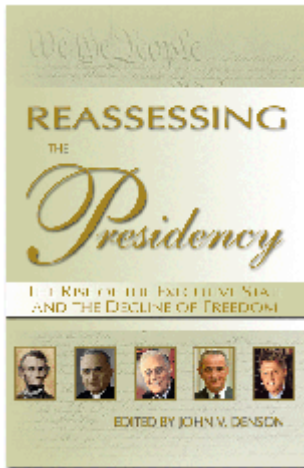
Here again, it is hard to overestimate the importance of this book. For generations, it has been taught that the free market is at fault for the Great Depression (in the same way it is said that Bush is pursuing free-market policies now). Rothbard, especially in his chapter on the Austrian theory of the business cycle, shows that it was the Federal Reserve's loose money policy that set the stage for the stock market crash, and the government that prolonged the suffering with policies that accomplished the opposite of their stated aims. In other words, this book refutes a central myth of the 20th century, and shows that the current path of countercyclical policy will not only fail to save it; it will dig us in deeper.

*Omnipotent Government: The Rise of the Total State and Total War* by Ludwig von Mises. Before writing *Human Action*, Mises went to work on a book examining the rise of Hitlerism in Germany. Appearing the same year as F.A. Hayek's *Road to Serfdom*, Mises provides what may be the best account ever written on the psychology, economics, and politics of a society overtaken by chauvinism and militarism. He deals with the dangers inherent in a citizenry thirsting for vengeance, being led by a government headed by a power-mad executive with a relentless passion for war making at any cost. In short, Mises unlocks the secret to how a seemingly normal country can find itself plunged into nationalist totalitarianism.



Books on German politics in the 1930s are ubiquitous, but only Mises provides a thorough examination of the economic doctrines that formed the basis of German nationalism in this period. Beginning with the desire for autarky, Germany pursued a disastrous course of erecting the planning state that regimented of every aspect of life, from economics to education to language and religion. He contrasts the prevailing doctrines with the ideas of the old German liberals, who favored trade, peace, toleration, and self-determination.

Much of this history has been lost and replaced by an exclusive focus on the evil of Hitler himself. Apparently, the parallels of Hitler's *policies* with those of the US in the period (or in our own times) are just too close for comfort. That issue aside, Mises's book stands out among all the literature on this topic as a terrifying examination of the consequences of statist ideology, war propaganda, and misplaced patriotism—and its lessons apply in all times and places.



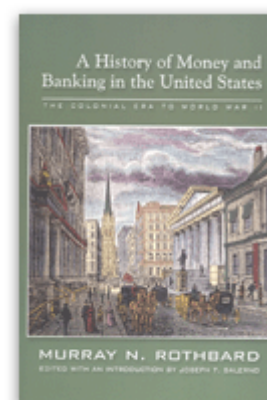
*Reassessing the Presidency: The Rise of the Executive State and the Decline of Freedom* edited by John V. Denson. If George Washington had delivered a speech along the lines of George W. Bush's State of the Union in January 2003, the outcry would have been palpable. It would have widely been assumed that King George had returned, madder than ever. One was given the impression that nothing in the Constitution restrains his war-making power, nothing prevents him from spending billions upon billions on what he wants to do, and that anyone who objects is an enemy of all that is right and true.

The framers envisioned that the president would have few powers at all, and those that he did have were to be exercised with stern oversight from the legislative branch. If you are seeking an answer to how we came to the imperial presidency of the current day, don't look at the conventional presidential histories, in which it is widely assumed that the more power the chief executive grabs, the "greater" he is. Especially wartime presidents come in for good marks, while the downside is either not discussed or downplayed.

This massive volume takes a completely different approach. It examines every important presidency, and effectively reverses the judgment that you are likely to get from the mainstream treatments. Each chapter is a classic on its own terms, but if we have to single out a few, special mention should be made of Randall Holcombe's reconstruction of the presidential election process, Scott Trasks's rehabilitation of Andrew Johnson, Thomas Woods's demolition of Theodore Roosevelt, Ralph Raico's shredding of the Truman presidency, John Denson's first-shot revisionism, and Joseph Salerno's examination of the role of money manipulation in funding executive dictatorship.

Read this book and you will never think of the presidency in the same way. You certainly won't cheer a State of the Union address (which is a 20<sup>th</sup> century invention in any case) in which the president promises that he alone can defend your freedom and security.

*A History of Money and Banking in the United States: The Colonial Era to World War II* by Murray N. Rothbard. Anyone who has studied the relationship between money and state eventually comes to a remarkable realization: there is no modern leviathan without the central bank. It is the analytical key to understanding how government can run up deficits and debts without limit, bail out foreign governments, fund wars without end, and otherwise attempt to manage the globe. Take away the power to print and you rob the government of its primary means of expansion. (More than any reform, the gold standard would devastate big government.)



The story of American political history is radically incomplete without a history of money and banking, and yet there is not one history that gave the complete picture until this treatise by Rothbard appeared just last year. The history itself is masterfully done, enhanced by the theoretical lens of Austrian School economics through which the author understands events. But what

really makes this a great read (aside from the sparkling prose) is the way Rothbard weaves together the theory and history through the lives of shady financiers and the politicians and political machines with which they are connected.

In many ways, this treatise brings all the themes of our day together. It shows how central banking creates the boom-bust cycle and funds wars, how the financial sector serves as the essential link between politics and banking, and how paper money makes big government possible and manages to make worse all the problems it originally caused. Most importantly for our purposes, this book shows that no matter how extraordinary our times appear, there are many precedents for the current mess, and one clear path away from destruction: freedom, sound money, and ever smaller government.

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Jeffrey Tucker is vice president of the Mises Institute. Send him [MAIL](#). See his Mises.org [Daily Article Archive](#).

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