

Title: *Mises: the Last Knight of Liberalism*

Author: Jörg Guido Hülsmann

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Reading time: 50 hours

Reading rating: 7 (1=very hard, 10=very easy)

Overall rating: 4 (1=average, 4=outstanding)

Ludwig Heinrich Edler von Mises led an extraordinarily rich and productive life, particularly for an economist. Born in 1881 in a Polish province of the Austrian Empire into a recently ennobled merchant family, in a career spanning two continents, Mises would bring rare standards of scientific integrity to policy issues of the time. This new book might be called an intellectual biography, because it often focuses on his professional writing and involvement in contemporary policy debates. Archival materials are long on manuscript drafts and comparatively short on such personal events as Mises' extended and turbulent courtship, the Miseses' flight from the Nazis and their eventually finding sanctuary in the U.S. His doctoral dissertation was expanded into *The Theory of Money and Credit*, a landmark in the development of monetary and business cycle theory. Mises' monetary theory of the business cycle blames increases in the supply of money as the ultimate cause of recessions. Newly-created money causes businesses to expand their operations and employ more workers, seductively creating the appearance of prosperity. Unfortunately, if people fail to hold real savings to back investment spending, prices rise and output and employment become unsustainable, resulting in recession.

After serving in the Austrian artillery in World War I, he wrote a comprehensive critique of the central powers' aggressive colonial and war policy, *Nation, State, and Economy*. His next big literary coups were *Socialism*, which attacked the then widely-accepted view that Marxism offered a scientific and humane alternative to political liberty, and *Liberalism*, a defense of democracy and private property. Between the wars, Mises had close associations with important colleagues like Max Weber, and his students Friedrich A. Hayek and Lionel Robbins. Hayek would continue the development of Mises' business cycle theory. Shortly before World War II broke out, Mises produced *Omnipotent Government*, an economic analysis of the national socialist, fascist, and communist tyrannies. Because under Nazism and fascism, private property could be owned in theory, but could only be used, transferred, or enjoyed with the permission of the government, the state held de facto control over all property, just as under communism. Shortly before Germany took over Austria, the Miseses crossed into Switzerland, where Mises had arranged a job with Graduate Institute for International Studies in Geneva. The Gestapo attempted to abduct him while in exile in Switzerland, and he and his wife fled across Vichy France to Spain, where they could safely embark for New York.

In the U.S., he transformed his comprehensive and recently-completed German-language economics treatise into the English-language *Human Action*. This is his magnum opus, where he treats economic methodology, epistemological issues, microeconomic price theory, including monopoly, the business cycle, and central economic planning. Instead of just translating his German text into English, he added a great deal of new text, including extensive discussions of American law, business practices, and the economic policy of the New Deal. This new

biography also helps put some of his later books in context, such as *The Anti-capitalistic Mentality*, *Epistemological Problems of Economics*, and *The Ultimate Foundation of Economic Science*.

The discussion of his late work *Theory and History* is particularly fascinating because it details the interactions of the Austrian school of economics in the 1920s with both the remnants of the rival German historical school, and the philosophers of the Vienna circle, who often met with Mises' seminar. Out of this environment where no one agreed on anything, came Mises' outstanding argumentative and rhetorical skills which made him one of the select few economists who is also a great stylist of the English language, even though it was not his first tongue. In *Mises: the Last Knight of Liberalism*, Jörg Guido Hülsmann paints a vivid panorama of the turbulent twentieth-century. Intellectual and ideological controversies are shown in relief against the political turmoil which accompanied them. This book will particularly interest readers desiring a deeper understanding of how and why our civilization progressed, and in some ways, retrogressed, to where we are today. Like Mises' actual life, this journey through the twentieth century was an odyssey of mythic proportions.

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