

Murray Rothbard's *America's Great Depression*

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Introduction

Murray Rothbard's account of the prolonged economic slump of the 1930's in *America's Great Depression* is built upon the theoretical framework of Austrian Business Cycle Theory. Without this theoretical lens, Rothbard contends, attempting to understand the depression would prove "a fruitless undertaking".¹

Though the book provides a great deal of empirical data – particularly on the money supply – the data's relevance is entirely reliant upon the Business Cycle Theory Rothbard describes in the first part of the book. Consistent with Misesian *Praxeology*², it is a story of causal relationships; specific actions taken by business and government and their consequences viewed through theory, described historically, and supported empirically. Rothbard the historian offers at least as much if not more in the way of unique and impactful contributions to an understanding of the great depression than Rothbard the economist.

In typical Rothbardian fashion, *America's Great Depression* is full of not just stories of cause and effect, but of the human beings behind the causes. It is a personal, at times conspiratorial, tale of the motives and actions of individual men.

In this paper I will begin by giving a summary analysis of the book, describing what I think are the major points as well as the overall tone, purpose and methodology. To give context to the work in section two I will cover briefly Rothbard's life and the nature of the time period in which the book was written. In the third section I will analyze the main topic of the book, namely the Austrian Business Cycle Theory interpretation of the Great Depression. Finally, I will discuss the book's early impact and lasting legacy on economics, history, political science and policy.

Summary Analysis of *America's Great Depression*

It would be a mistake to assume *America's Great Depression* is a descriptive work intended to merely analyze and convey the causes of and effects of the Great Depression. It is, like all of Rothbard's work, a normative study. There is no hiding the fact that Rothbard sees the men, motives and actions of the era as being either right or wrong.

This is not merely because of Rothbard's ideology; it is a result of his methodology and more importantly, his philosophy of science. Rothbard believed that the dichotomy between fact and value was false. Unlike his teacher Ludwig von Mises, Rothbard believed that objective ethics existed and were in fact a requirement of human nature.³ This Aristotelian and Thomist philosophy is the source of the strong value judgments in *Great Depression*. When incorrect choices were made by individuals during the Great

¹ Page vii

² Mises, Ludwig. *Human Action: A Treatise on Economics*, Chicago: Henry Regnery Company, 1966.

³ Gordon, David. "Biography of Murray N. Rothbard (1926-1995) Murray N. Rothbard (1926-1995)". Mises Institute. <<http://mises.org/about/3249>>.

Depression, Rothbard uses value-laden language to describe the men and the actions. This kind of writing makes for a very compelling read – it could be described as at once colorful and black and white – but it may be part of the reason Rothbard’s impact has been smaller in the economic study of the Depression than others who attempt a less normative approach.

There are myriad points made in the book, but there is really just one underlying theme; the Great Depression was caused by a dramatic increase in the money supply during the 1920’s via the central bank and was exacerbated by continued attempts by government to inflate, keep prices up and “stimulate demand”. Several sub-themes emerge from this analysis.

First, Rothbard repudiates the idea that capitalism itself was the cause of the depression. In keeping with Austrian Business Cycle Theory, Rothbard maintains that there is no economy-wide business cycle, but that it is an artificial phenomenon created by government and in particular central banks.

Furthermore, Rothbard demonstrates historically that even Fed induced booms and busts tended to be relatively fast and of minimal long-term impact prior to 1929. Until then government was more constrained by the dominant ideology of non-intervention and thus recovery came apace. It has been well documented by others, especially historian Robert Higgs, that ideology acts as a restraint on government action, but that with each new crisis the acceptable amount of intervention “ratchets” up.⁴ Previous crises paved the way for the massive interventions during the Depression.

Another sub-theme, or implication of Rothbard’s main thesis, is that the “roaring twenties” were the problem. The boom itself was the artifice that had been created and needed to be corrected. The recession, had it been allowed to occur, was the needed adjustment. This flies in the face of the popular notions of the day (even now), and undermines the dominant Keynesian macroeconomic theory that a bust is simply an irrational fall in aggregate demand which must be ended by fiscal stimulus.

The heavy focus on business cycle theory – the entire first quarter is devoted to an explanation of it and a refutation of Keynesian criticisms – should not let us lose sight of some of the other major components of the book. One of the most compelling and enlightening aspects of *America’s Great Depression* is the detailed description of the influence of Europe, in particular Great Britain, on American monetary policy leading up to and during the Depression.

Rothbard loved to name names and to portray not just ideas, but the personalities who espoused them as the antagonists of history. For reasons somewhat mysterious – perhaps to earn the favor of Europe – the governor of the New York Federal Reserve Bank, Benjamin Strong, almost single-handedly shifted U.S. monetary policy to benefit Great Britain. His strong relationship with the head of the Bank of England, Montagu Norman,

⁴ Higgs, Robert. *Crisis and Leviathan: Critical Episodes in the Growth of American Government*. New York: Oxford University Press, 1987.

and their frequent secret meetings led to a U.S. policy that devalued our currency to aid the British in their attempt to return to a pre World War One gold exchange rate. As Rothbard describes it,

“Instead of repealing unemployment insurance, contracting credit, and/or going back to gold at amore realistic parity, Great Britain inflated her money supply to offset the loss of gold and turned to the United States for help. For if the United States government were to inflate American money, Great Britain would no longer lose gold to the United States. In short, the American public was nominated to suffer the burdens of inflation and subsequent collapse in order to maintain the British government and the British trade union movement in the style to which they insisted on becoming accustomed.”⁵

Rothbard castigates Benjamin Strong throughout the book for his massive inflationary policies and his personal mission to support England at the cost of U.S. currency. This is particularly interesting in light of the positive impression one gets of Mr. Strong from another free-market economist Milton Friedman in his account of the Depression. Indeed, Friedman seemed to believe that, were it not for Strong’s death in 1928, he would’ve taken the necessary action to *prevent* the massive downturn.⁶ Friedman thought Strong would have prevented the political manipulation of the money supply; Rothbard believed that it was Strong’s political manipulation of the money supply that created the boom that caused the bust.

Rothbard’s work highlights the fact that monetary policy was not well understood and the effects of the money supply underappreciated by laypeople and economists alike during the early 1900’s. (A view very much shared by Milton Friedman). The Keynesian focus on fiscal policy was detrimental in two distinct ways.

First, it failed to take into account the massively dislocative effects of monetary policy on the capital structure. Keynesian thinking essentially ignored the effects of monetary policy, especially during a recession where it was thought to be impotent. Additionally, the Keynesian methodology’s heavy focus on aggregates dramatically oversimplified the nature of capital and the fact that, even if general price levels remain steady, relative price changes can direct capital to unproductive uses where it will be stuck when the boom ends.⁷ The naïveté of monetary effects by most economists and policy makers gave people like Strong a free hand to manipulate credit with no one watching.

The second problem with Keynes’ focus on fiscal policy was the fiscal policy itself. Rothbard documents the tremendous growth in spending, financed by debt and yet more inflation, that government embarked on to stimulate aggregate demand. The spending projects not only redirected capital and labor away from its most productive uses to those

⁵ p. 131-132

⁶ Friedman, Milton. *A Monetary History of the United States, 1867–1960*. Princeton N.J.: Princeton University Press, 1963.

⁷ Higgs, Robert. "Recession and Recovery: Six Fundamental Errors of the Current Orthodoxy". The Independent Institute. <<http://www.independent.org/newsroom/article.asp?id=2448>>.

valued by politicians, it further devalued the currency thereby taxing all holders of U.S. dollars, increasing uncertainty in the market and lengthening and deepening the depression.

As I mentioned in the introduction, Rothbard the historian offers at least as much insight as Rothbard the economist. The fact that *America's Great Depression* covers the events and policies of the 1920's through the end of the Hoover presidency in 1933 is interesting for two reasons. First, because most studies of the Depression focus heavily on the events after the crash of 1929 and ignore the '20's boom. Second, because most studies of the Depression focus almost entirely on Roosevelt's response and ignores the policies of Hoover.

Hoover and his acolytes portrayed him as a free-marketer. Rothbard demonstrates how far this is from the truth. Many of FDR's most famous programs were in fact started by Hoover. Hoover first proposed the "bank holiday" that FDR famously enacted. Hoover responded to the crisis with sweeping interventions into every facet of economic life. Rothbard busts the myth that the free-market Hoover administration exacerbated the Depression and shows that it was the *interventionist* Hoover administration that did.

America's Great Depression is a revisionist history, told through the lens of Austrian Business Cycle Theory. It is not revisionist in the sense that it disputes matters of fact or data, but rather that it presents facts and data which fly in the face of popular interpretations of the Depression. It provides the theoretical framework through which to interpret these data that leaves on no choice but to conclude that, contrary to what many believe, the Depression of the 1930's was a creature of government, spawned from the boom of the 1920's and prolonged by government intervention in monetary and fiscal matters.

Rothbard the Man

Murray Rothbard was born to Jewish parents David and Rae Rothbard in 1926. He was raised in the Bronx and was, even at a young age, a brilliant mind. Murray attended Columbia University, where he majored in mathematics and economics. Though he was not introduced to Austrian Economics at Columbia, he was intrigued by arguments made by George Stigler against price controls.⁸

Interest in these free-market arguments led Rothbard to write the publisher of Stigler's and Milton Friedman's booklet on the topic, the Foundation for Economic Education (FEE) in Irvington on Hudson New York. A visit to FEE led to a meeting with Ludwig von Mises, and Rothbard was taken by Mises's unique *Praxeological* approach to economics. When Mises' *Human Action* came out in 1949, Rothbard was greatly influenced by it and he became a self-identified "Austrian".

⁸ *Ibid.* 3.

In 1956 Rothbard received his PhD in economics from Columbia. His thesis is a now standard text in Austrian history, *the Panic of 1819*, which detailed one of the earliest crashes in the U.S. economy, and how the lack of any major government response led to a speedy recovery – a theme he would repeat in *America's Great Depression* and other works.

Rothbard's strong belief in the benefits and moral superiority of free-markets led him down a logical process where he applied the same arguments against price controls and other interventions to all government activity. He embraced an individualistic anarchism, arguing not only for a minimal government, but for an entirely voluntary society. Rothbard saw that any system short of a fully voluntary society was logically and morally inconsistent. Rather than treat anarchism as a mere intellectual plaything or abstract ideal, Rothbard frequently embarked upon attempts to describe the types of voluntary institutions that could replace the coercive state.

Desiring to re-cast Mises' *Human Action* in a more digestible form, Rothbard completed *Man, Economy and State* in 1962, a massive book containing a complete treatise on *Praxeology*. This was but one of several dozen major works written by Rothbard in his lifetime. From a reading of his many books and articles, one gets the sense that Murray was one of the most well-read and well-studied men of his time. His knowledge of obscure historical figures and his ability to connect ancient, classical and modern philosophical arguments and theories demonstrate an education that went well beyond what he could have received in his formal studies.

Rothbard was not only an academic, but a constant strategist and experimenter with ways to change public opinion in the direction of liberty. His most fundamental belief, that slavery is wrong⁹, took on many incarnations as Rothbard attempted to forge alliances and frame his ideas in the most impactful way.

At times he was allied with the "old right" - isolationists and pre-World War II conservatives, and at times radicals from the left like the Students for a Democratic Society¹⁰. After WWI, when conservatives began to take on a more foreign adventurist and hawkish ideology, Rothbard broke with them in no uncertain terms, sparing his old allies no criticism. It seems Rothbard had no loyalty to individuals or groups, but only to the ideas he believed in. As David Gordon describes,

"He followed a pragmatic policy of temporary alliances with whatever groups were, at a given time, opposed to militarism and foreign adventures."¹¹

During Rothbard's life free-markets were seen as essentially unstable and suspect. Keynesianism and all manner of interventionism, protectionism and social engineering

⁹ Gordon, David. "Murray Rothbard's Philosophy of Freedom". The Foundation for Economic Education. <<http://www.thefreemanonline.org/featured/murray-rothbards-philosophy-of-freedom/>>.

¹⁰ Doherty, Bryan. *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement*. New York: Public Affairs, 2007.

¹¹ *Ibid.* 3.

ruled the day. Rothbard seemed to revel in being a dissenter (even dissenting from those who shared *nearly*, but not all, of his views). Still, there is no question that his writing reflects a deeply held and consistent belief in his philosophy on liberty, not just a rebel's attempt to oppose the status quo.

In particular, at the time of the publication of *America's Great Depression*, the widely held belief among the public and the economics profession was that the boom of the 1920's would have lasted indefinitely were it not for massive greed on the part of bankers and speculators and an irrational loss of confidence on the part of businesses and consumers. Most thought that Hoover did nothing, thereby exacerbating the problem, and that FDR and WWII eventually solved the crisis by "taming" capitalism with wise government control and stabilization efforts.

Rothbard's book was published in 1963, the same year that Milton Friedman and Anna J. Schwartz published *A Monetary History of the United States*. Rothbard's account was largely overshadowed by the immense popularity of Friedman and Schwartz's book. *A Monetary History*, like Rothbard's *Depression*, placed the blame for the crisis squarely at the feet of government, namely the Federal Reserve. However, it did not analyze the data using the Austrian Business Cycle Theory but rather a simpler Monetarist view, which failed to fully acknowledge the problems of the 1920's boom and instead placed the blame on the Fed for not inflating *more* once the crash hit.

It is impossible to say how much impact Rothbard's book had on the thinking of the time since the general shift in interpretations of the Depression and a renewal of belief in the overall stability of capitalism occurred when Friedman and Schwartz's much more popular book also appeared, but it is clear that Rothbard's radical revisionism has gained increasing notice and acceptance as time has passed.

Rothbard died in 1995 at the age of 69. He had lived to see the majority of price controls lifted and a general acceptance, in word if not in deed, of *laissez faire* that were almost entirely absent during his early life and career.

Rothbard's Theory on the Cause of the Crisis

The entire narrative woven by Rothbard in *America's Great Depression* is built upon, or rather viewed through, the Austrian Business Cycle Theory. Rothbard provides a detailed description of the theory in Part I of his book. I will here provide a summary of the theory and some of the alternate views of the business cycle, how they differ from Rothbard's Austrian view, and why they dramatically change the conclusions one draws from the Depression.

Austrian Business Cycle Theory (ABCT) views the "trade cycle" as exogenous to the free-market. It is a result of government intervention and manipulation of the currency.

According to ABCT, the Federal Reserve (or other central banks) artificially lowers interest rates by creating credit. The credit is created by merely changing numbers on a balance sheet or physically printing money. The new influx of credit to member banks increases exponentially, since each bank under the fractional reserve system is permitted to lend out up to ten times the amount of currency in reserve.

Since the lower interest rates are not a result of an increase in savings, reflecting a longer time-preference of money by savers or increased economic growth, they are “artificial”; that is, not reflecting any underlying economic realities as the price system is meant to, but reflecting realities generated by the Federal Reserve.

The effect of the artificially low interest rates is, naturally, an increase in borrowing, since capital is now less costly to the borrower. One of the most unique and important aspects of the ABCT is the emphasis that the increase in borrowing does not result in a uniform increase in investment across all sectors. The low rates induce businesses and individuals to not simply invest *more* in their current processes and production, but to invest in *different* projects altogether – the difference between *over*investment and the Austrian term *mal*investment.

This more nuanced and realistic view of investment decisions is based, essentially, on the concept of marginality. Cheaper capital will not just induce people to expand production in areas where capital is currently deployed, but it will induce them to start on projects that were on the margin of profitability. The availability of cheap capital makes the marginal projects become profitable.

In this way, investment is expanded unevenly throughout the economy. The particular sectors that see the greatest rise in investment will depend largely upon the mechanisms through which the increase in the money supply occurs. Often throughout history the investment boom has appeared in housing and commodities.

The sectors that are “first in line” to borrow the artificial capital will experience booms – increased investment and rising prices will emerge. Decisions and investments are made on the expectation that the boom and rising prices will continue inevitably. As the newly minted money begins to make its way into the broader economy, moving out from the initial recipients like concentric ripples on a pond, more and more prices begin to rise. As the money seeps into other areas of the economy and more prices rise the profitability of the initial investments in the booming sectors begin to wane – the cost of labor and other goods begins to rise and reduce profit.

More projects in the boom sectors begin to lose profitability and prices in those sectors begin to fall as people realize the assumptions about non-stop growth are unwarranted. This explains the fact that in recessions, capital goods industries experience a far greater decline than consumer goods industries, a fact often noted by ABCT practitioners.

ABCT implies that the boom was an artificial creation of monetary authorities and that the bust is an inevitable effect, necessary to readjust the economy and properly align time

preference, savings, and investment. When governments inflate further or engage in fiscal stimulus to avoid a recession, they only create further dislocation, uncertainty and malinvestment and it will inevitably cause a bigger, longer and deeper corrective phase.

The Great Depression is an excellent case-study of ABCT, especially when contrasted with other recessions that were treated relatively benignly by governments. The data and historical facts, when seen in a broad ABCT context, provide a stunning affirmation of the qualitative predictions of the Austrians. Monetary expansion occurred in the 1920's, creating a boom. When the boom began to bust, still more expansion and intervention occurred. Each attempt by government to smooth or forestall the correction resulted in the longest, deepest recession in U.S. history.

The dominant Keynesian ideology not only failed to predict the crash of 1929, it attributed it to irrationality on the part of investors (there was some, but it was fueled by false monetary signals) and an increase in savings, especially by the rich, that depressed aggregate demand. Keynes essentially repudiated Say's law, believing instead that demand creates its own supply.^{12 13}

Keynes criticized the ABCT because he believed that it failed to separate savings from investment. According to Keynes, savings were being hoarded by people with a high liquidity preference. Instead of investing their cash, people were more or less burying it in their mattresses.

Rothbard takes on this dichotomy between savings and investment, and reveals that underneath, they both stem from an individual's time preference, and they cannot be artificially separated:

“Savings and investment are indissolubly linked. It is impossible to encourage one and discourage the other. Aside from bank credit, investments can come from no other source than savings (and we have seen what happens when investments are financed by bank credit). Not only consumers save directly, but also consumers in their capacity as independent businessmen or as owners of corporations.”¹⁴

As to whether or not savings could be “hoarded”, Rothbard described the basic options a man has for the use of his money, and reveals that the division between “hoarding” and investment is an unhelpful mental construct. Man can:

“(1) [S]pend money on consumption; (2) spend on investment; (3) add to cash balance or subtract from previous cash balance. This is the sum of his alternatives. The Keynesians assume, most contrivedly, that he first decides how much to

¹² Keynes, John Maynard. *A General Theory of Employment Interest and Money*. London: Macmillan, 1936.

¹³ Samuelson, Paul A. *Economics*. New York: McGraw-Hill, 1948.

¹⁴ p. 39-40

consume or not, calling this “not-consumption” saving, and then decides how much to invest and how much to “leak” into hoards.”¹⁵

And,

“Clearly, our individual decides at one and the same stroke about allocating his income in the three different channels. Furthermore, he allocates between the various categories on the basis of two embracing utilities: his time preferences decide his allocation between consumption and investment (between spending on present vs. future consumption); his utility of money decides how much he will keep in his cash balance. In order to invest resources in the future, he must restrict his consumption and save funds. This restricting is his savings, and so saving and investment are always equivalent. The two terms may be used almost interchangeably.”¹⁶

According to Rothbard and the ABCT, Keynes was overlooking the real culprit, monetary inflation, and creating fictitious bogeymen to blame the depression on.

There are other theories besides Keynesianism that have more in common with ABCT, but ultimately still miss the import of monetary manipulation’s influence on relative, vs. general prices. Predominantly, the Monetarist view, espoused first by Fisher and later by Milton Friedman.

Irving Fisher, an early Monetarist, was completely blindsided by the onset of the Depression. Unlike Keynes, Fisher believed that monetary policy did indeed have a great effect on the economy and the business cycle, but he put all of his focus on the stability of general prices. Fisher believed that, so long as the general prices level was stable, Monetary authorities could do no better than to monitor it and maintain a stable price level. Perhaps partly due to the fact that few good measures of the money supply existed at the time, Fisher focused on price and assumed that if it was stable, monetary manipulation was at a minimum and all was well. He even declared the end of the business cycle before the Depression hit.

Rothbard and the Austrians criticize Fisher’s method primarily because he ignores the difference between general and relative prices. A stable price level tells nothing of the malinvestments that may be occurring in certain sectors, as those first in line for artificial credit creation experience booms. Treating the economy as an aggregate of homogenous capital is a mistake that Keynes and Fisher shared.

Later Monetarists, most notably Milton Friedman, did not focus as Fisher did on the price level, but instead on the supply of money using measurements like M1 and M2. Though an improvement over Fisher’s focus on the price level, and a more accurate measure of inflation, Friedman still overlooked the importance of relative prices in a boom and why it will lead to a bust.

¹⁵ p. 40

¹⁶ p. 40

Friedman's *Monetary History of the United States* was an incredibly popular account of the Depression, and it appeared the same year as Rothbard's *Great Depression*. Though Friedman blamed the Fed for the Depression, as did Rothbard, he had a different take on the specifics. Friedman agrees that the monetary expansion of the 1920's was partially responsible for the boom, but instead of taking the Austrian view that a bust is the inevitable effect, Friedman saw a contraction in the money supply as the bubble breaker.

Friedman believed that had the Fed bailed out more failing banks and kept the money supply stable or slowly increasing, the bust could have been entirely prevented. He cited data showing that the money supply shrank by 1/3 after the expansion of the '20's. Rothbard, however, presents the other side of the coin by showing the empirical evidence that the Fed in fact *was* increasing the money supply all the while, but that uncontrolled factors were leading to a decrease. Essentially, banks refused to loan and people refused to borrow, making the monetary inflation impotent. Keynes was, in a sense, right about the fact that at some point in a recession, monetary policy loses its power to a large degree.

The major contribution of *America's Great Depression* is its focus on the boom as the problem and the bust as the solution. The mountains of data detailing the month by month expansion of the money supply throughout the 1920's and early 1930's provide compelling evidence for the Austrian Theory. Combined with Rothbard's rich historical and personal context, the story unfolds in a clear cause-and-effect manner that one would not expect when analyzing such a complex economic phenomenon.

Importance and Legacy

It is hard to know how much Rothbard's book helped change the debate and the prevailing narrative of the Great Depression. There are two primary reasons:

First, there were many important works (not least of which was Friedman's) and political and historical events that helped to change the thinking of economists on the Depression and economic history in general. The popularity of Milton Friedman and his account did much to convey the general idea that government was not the solution to but the cause of the Depression. Additionally, world events unfolded in the 60's and 70's that undermined the reigning Keynesian thinking and ushered in a greater appreciation for free-markets.

There is no doubt that Rothbard's book contributed something to the general shift away from simplistic notions about the Depression being caused by *laissez faire* and being ended by FDR, but how much it is impossible to say. When contrasted with Friedman's data-heavy empirical study, it is no surprise that the increasingly math oriented economics profession favored *A Monetary History* over *America's Great Depression*. Rothbard's radical revisionism and heavy-handed judgment of revered historical figures

like Benjamin Strong no doubt also estranged him from the supposed value-free economics profession.

The second reason it is difficult to gauge the impact of Rothbard's work is because, in some ways, the debate still has not changed much. While it is undeniable that free-markets became more in vogue during the 1980's and 1990's, the actual policies pursued by government differed little, especially in the monetary arena. Tales of the Great Depression taught in high school and college still portray a cold-hearted Hoover leaving the failed capitalist economy alone until FDR swooped in to save it. There has been a shift away from this interpretation, especially in light of the current financial crisis, but it has by no means swept the general public. Perhaps Rothbard's work has remained largely unappreciated.

There are traces today of a resurgence in interest in alternate histories of the Great Depression and business cycle theory in general. Austrian theory has gained increasing visibility with presidential candidate Ron Paul and economist Peter Schiff having in some sense, warned of the current crisis.

Other free-market explanations, like that of Milton Friedman, are becoming less convincing. Former Federal Reserve Chairman Alan Greenspan and current Chair Benjamin Bernanke both claimed to hold Friedmanian views, yet there is a growing perception that they are in over their heads, and that they caused the current crisis, despite their focus on stabilization. Indeed, Bernanke claims to have been greatly influenced by Friedman's *Monetary History*, saying it,

“[T]ransformed the debate about the Great Depression.”¹⁷

And,

“The *Monetary History*, the name by which the book is instantly recognized by any macroeconomist, examined in great detail the relationship between changes in the national money stock -- whether determined by conscious policy or by more impersonal forces such as changes in the banking system -- and changes in national income and prices. The broader objective of the book was to understand how monetary forces had influenced the U.S. economy over a nearly a century.”¹⁸

As evidenced by his actions in the current crisis, either Bernanke failed to understand Friedman's point, or Friedman failed to understand the deeper realities recognized by the Austrians; uncontrolled deflation must be allowed to occur and the recession must be allowed to run its course.

Rothbard's hard-hitting polemic may have come on too strong, too philosophical and too contrarian for economists of the past and present. But as more and more laypeople watch their retirement shrink with stock market losses and begin to take interest in

¹⁷ Bernanke, Benjamin. “Money, Gold and the Depression.” Lexington, Virginia. March 2, 2004.

¹⁸ *Ibid.*

macroeconomic theory the Austrian view as expressed by Rothbard offers an understandable English language description of the nature and causes of recession. Rothbard's well-researched work will stand the test of time and have a growing impact on economics, history, political science and policy.

Many people will no doubt continue to ignore the lessons of history or simply accept the simplified fairy tale taught them about the Great Depression. But for anyone curious to understand today's crisis and those of the past, Rothbard's book will be waiting, full of fact, data, story, logic, theory, color and a clear and convincing denouncement of the Federal Reserve.