

Value Freedom, Laissez Faire, Mises and Rothbard: A comment on Prof. Jones

by Walter Block  
Economics and Finance Department  
University of Central Arkansas  
Conway, AR 72035  
[wblock@mail.uca.edu](mailto:wblock@mail.uca.edu)  
501 450 5355  
<http://www.business.uca.edu/faculty/wblock/wblock.htm>

Value Freedom, Laissez Faire, Mises and Rothbard: A comment on Prof. Jones

## I. Introduction

Although there are elements of this paper<sup>1</sup> with which I shall take issue, I want to begin by enthusiastically welcoming its publication. Rothbard<sup>2</sup> and Mises are giants in the field of

---

<sup>1</sup> Jones, Hiram [a pseudonym assigned by the editor], "How to Be a Value Free Advocate of Laissez Faire: Ludwig von Mises's Solution," The American Journal of Economics and Sociology, forthcoming, Vol. zx, No. zx, 2001?, pp. .

<sup>2</sup> Rothbard's claim as a champion of free enterprise is gargantuan. A complete listing of his publications in this regard would take up half the space of this entire article. See on this <http://www.mises.org/mnrbib.asp>. For a sampling, see Rothbard, Murray N., Education: Free and Compulsory, Auburn, AL: The Mises Institute, 1999; Rothbard, Murray N., "Praxeology, Value Judgments, and Public Policy," The Foundations of Modern Austrian Economics, Dolan, Edwin G., ed., Kansas City: Sheed and Ward, 1976; Rothbard, Murray N., The Logic of Action I: Method, Money and the Austrian School, Vol. I, Cheltenham, UK: Edward Elgar, 1997; Rothbard, Murray N., The Logic of Action II: Applications and Criticism from the Austrian School, Vol. II, Cheltenham, UK: Edward Elgar, 1997; Rothbard, Murray N., "The Anatomy of the State," Rampart Journal, Summer 1965; Rothbard, Murray N., Power and Market: Government and the Economy, Menlo Park Cal.: Institute for Humane Studies, 1970; Rothbard, Murray N., "Why be Libertarian?," The Abolitionist, December 1971; Rothbard, Murray N., For a New Liberty, Macmillan, New York, 1973; Rothbard, Murray N., The Ethics of Liberty, New York: New York University Press, 1998 (1982); Rothbard, Murray N., "Value Implications of Economic Theory," American Economist, Vol. 17, Spring 1973; Rothbard, Murray N., "Ludwig von Mises and Economic Calculation Under Socialism," Moss, Laurence S., ed., The Economics of Ludwig von Mises, Kansas City: Sheed & Ward, 1976, pp. 67-77; Rothbard, Murray N., "Toward a Reconstruction of Utility and Welfare Economics," San Francisco: Center for Libertarian Studies, Occasional Paper #3, 1977; Rothbard, Murray N., "Society Without a State," Pennock, J. Roland, and Chapman, John W., ed., Anarchism: Nomos XIX, New York: NYU Press, 1978, pp. 191-207; Rothbard, Murray N., "Timberlake on the Austrian Theory of Money: A Comment," Review of Austrian Economics, Vol. 2, 1988, pp. 179-187; Rothbard, Murray N., "Karl Marx: Communist as Religious Eschatologist," Review of Austrian Economics, Vol. 4, 1990, pp. 123-179; Rothbard, Murray N., "Law, Property Rights, and Air Pollution," Economics and the Environment: A Reconciliation, Walter Block, ed., Vancouver: The Fraser Institute, 1990; Rothbard, Murray N., What has Government Done to Our Money?, Auburn, AL: Mises Institute, 1990; Rothbard, Murray N., "How and How Not To Desocialize," Review of Austrian Economics, Vol. 6, No. 1, 1992, pp. 65-77; Rothbard, Murray N., "The Consumption Tax: A Critique," Review of Austrian Economics, Vol. 7, No. 2, 1994, pp. 75-90; Rothbard, Murray N., (1994), The Case Against the Fed, Auburn, AL: The Mises Institute; Rothbard, Murray N., Classical Economics: An Austrian Perspective on the History of Economic Thought, Hants, England: Edward Elgar, 1995, Vol. II; Rothbard, Murray N., Economic Thought Before Adam

laissez faire studies; any focus on their vastly underappreciated work is thus presumptively an important contribution to the literature. Second, it is very important to reconcile advocacy of the system of economic freedom, or laissez faire capitalism, with value freedom, or vertfreiheit, a necessary dimension of economics as a discipline. Is it possible to both favor the market system, and be a value free economist? is the vitally important question to which Jones addresses himself, and he is to be congratulated for bringing it to our attention. Third, this paper is welcome on the ground that Mises<sup>3</sup> and Rothbard agreed with each other on virtually all areas of political economy – except for this one. Prof. Jones has unearthed a man-bites-dog story wherein these two Castor and Pollux economists strongly diverge in their perspectives. His bringing of this situation to our attention is therefore alone worth the price of admission.

## II. Critique

### a. Goals

---

Smith: An Austrian Perspective on the History of Economic Thought, Hants, England: Edward Elgar, 1995, Vol. I; Rothbard, Murray N. 1995. "The Present State of Austrian Economics," Journal des Economistes et des Etudes Humaines, 6, 1: 43-89; Rothbard, Murray N., "Aurophobia: or, Free Banking on What Standard? A Review of Gold, Greenbacks and the Constitution, by Richard M. Timberlake," Review of Austrian Economics, Vol. 6, No. 1, 1992, pp. 97-108; Rothbard, Murray N., "The Myth of Free Banking in Scotland," Review of Austrian Economics, Vol. 2, 1988, pp. 229-245.

<sup>3</sup>Mises, too, was very prolific in terms of his contribution to the defense of free markets.

Here are some of his major works: Mises, Ludwig von, The Theory of Money and Credit, New York: The Foundation for Economic Education, 1971, 1912; Mises, Ludwig von, "Economic Calculation in the Socialist Commonwealth," in Hayek, F.A., ed., Collectivist Economic Planning, Clifton, N.J.: Kelley, 1975 (1933); Mises, Ludwig von, "'Elastic Expectations' and the Austrian Theory of the Trade Cycle," Economica, 10 August 1943: 251-252; Mises, Ludwig von, Theory and History, New Haven: Yale University Press, 1957; Mises, Ludwig von, Human Action, Auburn, AL: Mises Institute, 1999; Mises, Ludwig von, Socialism, Indianapolis: Liberty Fund, 1981 (1969); Mises, Ludwig von, Bureaucracy, New Rochelle, N.Y.: Arlington House, 1969; Mises, Ludwig von, Nation, State and Economy, tr. Leland Yeager, New York: New York University Press, 1983; Mises, Ludwig von, The Anti Capitalistic Mentality, South Holland, IL: Libertarian Press, 1972

Having said this, it is now time to bring forth a critical analysis of Jones' contribution, for I believe him to be in error in many of his specific claims. He starts off attributing to Mises the view that his reconciliation of laissez faire advocacy and economic vertfreiheit<sup>4</sup> "stemmed from his conception of the goal of economics."<sup>5</sup> He does this without benefit from any support from Mises himself; this is surprising in that Jones is very thorough throughout the remainder of his paper to cite not only Mises but Rothbard as well, as under pinning for his contentions about the views of these two authors. The difficulty here is that strictly speaking economics is not the sort of enterprise that by its very nature can have goals. Only human beings can be motivated by ends; only they can engage in human action, the attempt to substitute a less satisfactory state of affairs for a better one. Economics, whatever it is, cannot properly be anthropomorphized in such a manner<sup>6</sup>. Jones takes the opposite point of view, and cites Mises in support of this contention. But nowhere in Mises can any such claim be found. Jones, in other words, not only errs in this claim, but is also mistaken in attempting to garner support from Mises on this point.

---

<sup>4</sup> For more on value freedom see Rothbard, Murray N., "Value Implications of Economic Theory," The Logic of Action: Method, Money and the Austrian School, Vol. I, Cheltenham, UK: Edward Elgar, 1997, pp. 255-265; reprinted from The American Economist, Vol.19, Spring 1975, pp. 35-39; also see Block, Walter, "On Value Freedom in Economics," The American Economist, Vol.19, Spring 1975, pp. 38-41.

<sup>5</sup> Jones, ms., p. 1.

<sup>6</sup> Jones, (ms., p. 5) cites Mises (1966, p. 238) quite properly discussing "the goals which most people ... are intent on attaining by toiling ..." but this is a very different thing. That individual people have ends is a staple of the Austrian economics subscribed to by both Mises and Rothbard; that economics itself can have goals is a view which can only be attributed to Jones. States Jones (ms., p. 5): "It is important to realize the Mises's goal of comparing ideologies and systems was not a side issue. It was, in his view, the main goal - indeed the reason for being - of economics." Yes, Mises, as a person, can have goals. But despite the fact that Jones quotes liberally from Mises, he never supplies any evidence that the latter supports his claim that economics itself, as opposed to economists, can have a goal.

## B. Unanimity

In the next section of his paper Jones (p. 10, ms) cites Rothbard's<sup>7</sup> mention of the following very important passages in Mises' (1966, pp. 883 and 764) analysis of value freedom:

“An economist investigating whether a measure *a* can bring about the result *p* for the attainment of which it is recommended, and finds that *a* does not result in *p* but in *g*, an effect which even the supporters of the measure *a* consider undesirable. If the economist states the outcome of his investigation by saying that *a* is a bad measure, he does not pronounce a judgment of value. He merely says that from the point of view of those aiming at the goal *p*, the measure *a* is inappropriate.” (I shall refer to this as Statement 1)

“Economics does not say that ... government interference with the prices of only one commodity ... is unfair, bad, or unfeasible. It says, that it makes conditions worse, not better, *from the point of view of the government and those backing the interference.*” (Statement 2)

Rothbard, quite correctly in my view, criticizes Mises of using a variant of the unanimity principle in these Statements. But Jones rejects this analysis on the grounds that Rothbard has misunderstood Mises. States Jones (ms, p. 10):

“In the first (of the two passages quoted above), Mises says or implies nothing about unanimity. Instead, he simply points out that if *anyone* describes (1) the policy he favors and (2) the goal he expects it to achieve, the economist can investigate whether the policy will actually achieve the goal. It is true that Mises uses the plural concepts ‘supporters’ and ‘those aiming at a goal.’ However the pluralization does not imply unanimity in any reasonable interpretation. Nor does the context in which this passage occurs. The paragraph in which these sentences appear ends with the following: ‘If an economist calls minimum wage rates a bad policy, what he means is that its effects are *contrary to the purpose of those who recommend their application.*’<sup>8</sup> (*Ibid.*, p. 883, italics added by Jones). In addition, nothing in the context within which this paragraph appears suggests that Mises is writing about some variant of the unanimity principle.”

“Oh yeah?” as we used to say in Brooklyn, when I was a young lad. Let us test Jones’

---

<sup>7</sup> Rothbard, Murray N., “Praxeology, Value Judgments, and Public Policy,” The Foundations of Modern Austrian Economics, Dolan, Edwin G., ed., Kansas City: Sheed and Ward, 1976, p. 101.

<sup>8</sup> I shall be calling this Statement 3.

interpretation. We shall do so by making explicit that which, by all accounts, is only now implicit. If Jones is correct, then the three Statements would read as follows:

“An economist investigating whether a measure *a* can bring about the result *p* for the attainment of which it is recommended, and finds that *a* does not result in *p* but in *g*, an effect which even (SOME OF) the supporters of the measure *a* consider undesirable. If the economist states the outcome of his investigation by saying that *a* is a bad measure, he does not pronounce a judgment of value. He merely says that from the point of view of (SOME OF) those aiming at the goal *p*, the measure *a* is inappropriate.” (Statement 1)

“Economics does not say that ... government interference with the prices of only one commodity ... is unfair, bad, or unfeasible. It says, that it makes conditions worse, not better, from the point of view of the government and (SOME OF) those backing the interference.” (Statement 2)

“If an economist calls minimum wage rates a bad policy, what he means is that its effects are contrary to the purpose of (SOME OF) those who recommend their application.” (Statement 3).

In contrast, if Rothbard’s interpretation of Mises is correct, and Jones’ mistaken, then the three Statements, when made explicit, would read as follows:

“An economist investigating whether a measure *a* can bring about the result *p* for the attainment of which it is recommended, and finds that *a* does not result in *p* but in *g*, an effect which even (ALL OF) the supporters of the measure *a* consider undesirable. If the economist states the outcome of his investigation by saying that *a* is a bad measure, he does not pronounce a judgment of value. He merely says that from the point of view of (ALL OF) those aiming at the goal *p*, the measure *a* is inappropriate.” (Statement 1)

“Economics does not say that ... government interference with the prices of only one commodity ... is unfair, bad, or unfeasible. It says, that it makes conditions worse, not better, from the point of view of the government and (ALL OF) those backing the interference.” (Statement 2)

“If an economist calls minimum wage rates a bad policy, what he means is that its effects are contrary to the purpose of (ALL OF) those who recommend their application.” (Statement 3).<sup>9</sup>

---

<sup>9</sup> Material in brackets in the 3 Statements, twice repeated (SOME OF, ALL OF) inserted by present author.

So. Whose interpretation of Mises is correct? That of Rothbard or that of Jones? To ask this question is to answer it. ALL OF the supporters of measure *a*, “government interference with the prices of only one commodity,” and of the minimum wage, must agree that these measures make no sense, from their own point of view, if Mises’ point is to be intellectually coherent. If only SOME OF the adherents of these regulations see them as problematic, given their own goals of economic efficiency and reducing the unemployment rate for the unskilled, then how can even a semi rational Mises possibly have concluded that no value judgements were needed to reach the respective conclusions he did? So only the phrase ALL OF, not SOME OF, can make explicit what is only implicit in these three Statements of Mises. But ALL OF is compatible with, and only with, unanimity, as claimed by Rothbard and denied by Jones. QED.<sup>10</sup>

C. Mises would not know...

Jones correctly appreciates the fact that Rothbard criticized Mises on the ground that the latter “could not know the goals of policy advocates.”<sup>11</sup> In one of the most brilliant contributions to the entire annals of intellectual criticism, Rothbard responds to the three Statements of Mises mentioned above as follows:

“Now this is surely an ingenious attempt to allow pronouncements of ‘good’ or ‘bad’ by the economist without making a value judgment; for the economist is supposed to be only a praxeologist, a technician, a pointing out to his readers or listeners that *they* will all consider a policy ‘bad’ once he reveals its full consequences. But ingenious as it is, the attempt completely

---

<sup>10</sup> Jones, ms p. 11 maintains that “Rothbard’s claim that Mises uses a ‘variant of the unanimity principle’ is ... not essential to Rothbard’s criticism anyway.” If so, then why does Jones spend so much time excoriating Rothbard for this “mistake.” But Jones is in error in this regard, too. As we have seen in the text accompanying this footnote, only the unanimity principle can be used to render Mises’ Statements coherent. Without this principle, Mises’ claim is literally unintelligible.

<sup>11</sup> Jones, ms., p. 11.

fails. For how does Mises know *what* the advocates of the particular policy consider desirable? How does he know what their value-scales are now or what they will be when the consequences of the measure appear? One of the great contributions of praxeologic economics is that the economist realizes that he doesn't *know* what anyone's value scales are except as those values preferences are demonstrated by a person's concrete action. These scales have no independent existence apart from the actual behavior of individuals. The only source from which our knowledge concerning these scales is derived is the observation of a man's actions. Every action is always in perfect agreement with the scale of values or wants because these scales are nothing but an instrument for the interpretation of a man's acting.

"Given Mises' own analysis, then, how can the economist know what the motives for advocating various policies really are, or how people will regard the consequences of these policies?"

"Thus, Mises, *qua* economist, may show that price control (to use his example) will lead to unforeseen shortages of a good to the consumers. But how does Mises know that some advocates of price control do not *want* shortages? They may, for example, be socialists, anxious to use the controls as a step toward full collectivism. Some may be egalitarians who prefer shortages because the rich will not be able to use their money to buy more of the product than poorer people. Some may be nihilists, eager to see shortages of goods. Others may be one of the numerous legion of contemporary intellectuals who are eternally complaining about the 'excessive affluence' of our society, or about the great 'waste' of energy; they may all delight in the shortages of goods. Still others may favor price control, even after learning of the shortages, because they, or their political allies, will enjoy well-paying jobs or power in the price control bureaucracy. All sorts of possibilities exist, and *none* of them are compatible with Mises asserting, *as a value-free economist*, that all the supporters of the price control—or of any other government intervention—must concede, after learning economics, that the measure is bad. In fact, once Mises concedes that even *a single* advocate of price control or any other interventionist measure may acknowledge the economic consequences and *still* favor it, *for whatever reason*, then Mises, as a praxeologist and economist, can no longer call any of these measures 'bad' or 'good', or even 'appropriate' or 'inappropriate,' without inserting into his economic policy pronouncements the very value judgements that Mises himself holds to be inadmissible in a scientist of human action. For then he is no longer being a technical reporter to all advocates of a certain policy, but himself an advocate participating on one side of a value conflict."<sup>12</sup>

Is Jones impressed by this tour de force? Not a bit of it.

---

<sup>12</sup> Rothbard, Murray N., "Praxeology, Value Judgments, and Public Policy," The Foundations of Modern Austrian Economics, Dolan, Edwin G., ed., Kansas City: Sheed and Ward, 1976; pp. 101-103



Jones approvingly cites Eshelman (p. 6)<sup>13</sup> in support of his position. This must be taken with at least a small grain of salt in that Eshelman begins his essay on the following note: "... I agree with Rothbard that utilitarianism, whether direct or indirect, cannot provide a principled defense of laissez faire..."<sup>14</sup> However, on the issue in question, Jones is correct in interpreting Eshelman as an ally. States the latter:

"... I do not think that (Rothbard's) criticism hits the mark. Mises's argument is simply that such policies will not accomplish their proclaimed goals. Those who advocate a minimum wage, for example, may really want to make nonunion labor uncompetitive, but their *proclaimed* goal is that they want to help the poor. By showing that certain policies will have the opposite effect from that proclaimed, the functionalist can undermine the arguments used in support of these policies."<sup>15</sup>

There are two difficulties with Eshelman's account, both of which make Jones' reliance on him problematic. First of all, it is certainly true that some advocates of minimum wages, even many of them, support this law in the belief which can be shown to be mistaken that this will help unskilled workers. But it is by no means true of *all* of them. That is, some proponents of this pernicious legislation champion it in the absence of any reasons. For them, at least, Rothbard's criticism of Mises that he relies on knowledge of their motivations is a valid one.

Second, it cannot be denied that Eshelman is very much on the mark when he shows that it is indeed a telling point on the part of Mises against the advocates of minimum wages that when they "recommend" this legislation in an effort to combat poverty that their arguments are

---

<sup>13</sup> Eshelman, Larry J., "Ludwig von Mises on Principle," Review of Austrian Economics, Vol. 6, No. 2, 1992, pp. 3-41.

<sup>14</sup> *Ibid.*, p. 3.

<sup>15</sup> *Ibid.*, p. 6.

“undermined.”<sup>16</sup> But just because Eshelman is correct in this contention does not in the least support Jones’ claim that Rothbard is wrong to question Mises about “how could Mises *know* what advocates of the particular policy consider desirable.” *Even if* Mises is correct, and Rothbard incorrect when the latter criticizes the former in terms of *proclaimed* goals, it still does not follow that Rothbard was mistaken in upbraiding Mises for assuming knowledge the latter could not possibly possess. In other words, Mises made *two* claims, not merely one. In the first, we stipulate for the sake of argument that Eshelman had the better of Rothbard<sup>17</sup>; e.g., that the latter was mistaken in criticizing Mises’s undermining of the minimum wage advocates. But Mises also made a *second* claim, entirely separable from the first, to wit, that “If an economist calls minimum wage rates a bad policy, what he means is that its effects are contrary to the purpose of those who recommend their application” (Statement 3). Rothbard is still correct in maintaining that Mises has no warrant for assuming what are the purposes of those who recommend the minimum wage.<sup>18</sup>

---

<sup>16</sup> In like manner, Hoppe’s (Hoppe, Hans-Hermann, [The Economics and Ethics of Private Property: Studies in Political Economy and Philosophy](#), Boston: Kluwer, 1993, pp. 204-207) “Argument from argument” can be used to undermine the criticisms of the socialists against private property rights.

<sup>17</sup> It is interesting to note a point missed by Jones: Eshelman’s article was published by the [Review of Austrian Economics](#) during the time period when Murray Rothbard was its editor. My recollection as its then co editor, which has been independently supported by Rothbard’s other colleagues Jeff Tucker and David Gordon, is that Rothbard was absolutely delighted with the publication of this piece, as it highlighted an aspect of Mises that had not before been much appreciated: as a proto natural law theorist.

<sup>18</sup> My guru in matters Misesian, Richard Ebeling, pointed me in the direction of the following quote from Mises: “An economist must deal with doctrines, not with men. He must criticize erroneous thought. It is not his function to reveal personal motives for protecting fallacies. An economist must face his opponents with the fictitious assumption that they are

It is as if Rothbard said that  $2+2=4$ , and Eshelman averred that  $3+3=6$ , and along came Jones with the view that since Eshelman is correct in his calculation this proves that Rothbard must be wrong in his. No, both can be correct, for they are not contradicting one another.

Jones continues his attack as follows:

“Rothbard further claimed that Mises asserted ‘that all supporters of price control – or of any other government intervention – must concede, after learning economics, that the measure is ‘bad.’ But Mises did not make this assertion. On the contrary, consider what he wrote about people who hold myths”<sup>19</sup> whereupon Jones goes on to cite Mises in this regard.

At first superficial glance, Jones is correct in his criticism of Rothbard. Mises does not use the word “bad” and yet Rothbard attributes this to him. Indeed, in Statement 2, Mises specifically disavows such nomenclature. But upon further reflection, it is easy to see to error of Jones’ way. For what more does “bad” mean than “worse”? “Worse,” that is, is every bit as much a part of normative discourse as is “bad.” Further, in the quote that Jones cites from Rothbard, the latter places quotation marks around the word “bad,” indicating that he is using it in the spirit in which Mises meant it, if not to the actual letter.

#### D. Time preference

---

guided by objective considerations only.”(Mises, Ludwig von, Notes and Recollections, South Holland, IL: Libertarian Press, 1978, pp. 51-52). My colleague Tom DiLorenzo responded to this as follows: “Based on this quote, it appears that Mises would have approved of a division of labor whereby the politicians would worry about corruption and politicization and economists would eschew these issues. But in my opinion this phenomenon is fair game at least for students of political economy, as opposed to pure economic theory. The public choice argument that, for example, a government-controlled money supply will inevitably lead to political business cycles and other mischief is a legitimate argument for political economists to make. “ (Private correspondence, dated 3/1/01). I certainly agree with DiLorenzo on this.

<sup>19</sup> Jones (ms., p. 12)

Jones takes Rothbard to task for the latter's supposed misconstrual of the economics of time preference. In his opinion, Rothbard's view "cannot be correct. I am not aware of Mises ever writing that economics is only concerned with long run interests."<sup>20</sup> Jones goes on to gratuitously insult Rothbard, maintaining that either the latter cannot distinguish between Mises' own views and those of the classical economists, or, more bizarrely, that Rothbard conflates Mises and Hazlitt, and misinterprets the latter to boot.

The confusion arises not because of any shortcomings of Rothbard, but is rather due to Jones' failure to understand and/or appreciate the force of an *argumentum reductio ad absurdum*. Rothbard nowhere maintains that Mises specifically *stated* "that economics is only concerned with long run interests." Very much to the contrary, Rothbard is claiming that the logic of Mises' argument *implies* precisely this. Thus, Jones' search for the source of Rothbard's "error" is very much in vain.

Let us, then, be clear on the argumentum reductio ad absurdum. What this does is take the essence of an argument to its logical extreme; if this conclusion is obviously in error, then so must the initial statement of it, even though that did not seem quite so problematic when first stated<sup>21</sup>.

---

<sup>20</sup> Jones (footnote 5, ms., pp. 12-13).

<sup>21</sup> The dictionary defines this as follows: "... reductio ad absurdum argument, a 'reduction to absurdity' -- we assume the truth of a statement, see the logical and mathematical consequences of that assumption, then use it to show that it contradicts itself, and thus cannot be true." See on this <http://www.alcyone.com/max/writing/essays/reductio-ad-absurdum.html>. States the Encyclopedia Britannica: "(Latin: 'reduction to absurdity'), in logic, a form of refutation showing contradictory or absurd consequences following upon premises as a matter of logical necessity. A form of the reductio ad absurdum argument, known as indirect proof or reductio ad impossibile, is one that proves a proposition by showing that its denial conjoined

Just so that we can become crystal clear on this type of argument, let us consider a few examples. Suppose that someone claims that crimes of passion cannot be reduced by punishment, or by criminal penalties<sup>22</sup>, since perpetrators in the throes of such sentiment are oblivious to such things. Now, the last thing the exponent of such a contention has in mind when he utters this claim is the specter of a rapist, or a murderer, doing his evil deed in the environs of a police station. And yet this constitutes a *reductio ad absurdum* of his view: an infinitesimally small number of rapes and murders take place right in front of the desk sergeant, in full view of

---

with other propositions previously proved or accepted leads to a contradiction. In common speech the term *reductio ad absurdum* refers to anything pushed to absurd extremes.”

<sup>22</sup> For an antidote to this sentiment, see Ehrlich, Isaac, *The Deterrent Effect of Criminal Law Enforcement* *Journal of Legal Studies*, Vol. L (2), June 1972, pp. 259-276; Ehrlich, Isaac, *Participation in Illegitimate Activities -- A Theoretical and Empirical Investigation*, *Journal of Political Economy*, Vol. 81 (3), May/June 1973, pp. 521-565; Ehrlich, Isaac, *An Economic Analysis of Legal Rulemaking* (with Richard A. Posner), *Journal of Legal Studies*, Vol. 3 (1), January 1974, pp. 257-80; Ehrlich, Isaac, *The Deterrent Effect of Capital Punishment -- A Question of Life and Death*, *American Economic Review*, Vol. 65 (3), June 1975, pp. 397-417; Ehrlich, Isaac, *Deterrence: Evidence and Inference*, *Yale Law Journal*, Vol. 85 (2), December 1976, pp. 209-227; Ehrlich, Isaac, *Rejoinder* *Yale Law Journal*, Vol. 85 (3), January 1976; Ehrlich, Isaac, *The Deterrent Effect of Capital Punishment: Reply*, *American Economic Review*, Vol. 67 (3), June 1977, pp. 452-458; Ehrlich, Isaac, *On the measurement of the Deterrent Effect of Capital Punishment and the Theory of Deterrence* (with J.C. Gibbons), *Journal of Legal Studies*, Vol. 6 (1), January 1977, pp. 35-50; Ehrlich, Isaac, *Capital Punishment and Deterrence: Some Further Thoughts and Additional Evidence*, *Journal of Political Economy*, Vol. 85 (4), August 1977, pp. 741-788; Ehrlich, Isaac, *Fear of Deterrence -- A Critical Evaluation of the Report of the Panel on Research on Deterrent and Incapacitative Effects*, *Journal of Legal Studies*, Vol. 6 (2), June 1977; Ehrlich, Isaac, *Deterrence and Economics: A Perspective on Theory and Evidence*, in *Major Social Issues: A Multidisciplinary View*, Milton Yinger and Stephen Cutler, eds., The Free Press, 1978; Ehrlich, Isaac, *The Economic Approach to Crime - A Preliminary Assessment*, in *Criminology, Review Yearbook* Vol. 1, Messinger and Bittner, eds., Sage: Beverly Hills, 1979; Ehrlich, Isaac, *On the Usefulness of Controlling Individuals: An Economic Analysis of Rehabilitation, Incapacitation, and Deterrence*, *American Economic Review*, Vol. 71 (3), June 1981, pp. 307-22; Ehrlich, Isaac, *The Market for Offenses and the Public Enforcement of Laws: An Equilibrium Analysis*, *British Journal of Social Psychology*, Vol. 21, 1982, pp. 107-20;

scores of cops. Yet rapes and murders often occur elsewhere. This suggests that contrary to the assertion, perpetrators of so called crimes of passion do pick and choose their spots; they are not entirely unconscious of penalties and sanctions. It would not at all serve as a refutation of this reductio to maintain that the exponent of the claim to the contrary never contemplated, let alone mentioned, such a scenario taking place where policemen frequent. That is the whole point of a reductio: it extends the “logic” of a false claim, concocts a scenario which is obviously false or problematic, and yet is implied by the initial faulty premise. If the claimant had but foreseen the reductio scenario, he would not likely have made this claim in the first place.

Another example. Coase<sup>23</sup> has famously argued that in the world of positive and significant transactions costs, the judge should award property titles to whichever of the claimants would have ended up with them in the zero transactions costs world. I argued<sup>24</sup> that in the zero transactions cost world, O.J. Simpson might have been able to buy up the ownership rights to his late wife, Nicole; therefore, according to Coasean “logic,” a case could be made out for the claim that he was the rightful owner of her, and therefore even if he in fact killed her, he should not be considered guilty of murder, since he would only be disposing of his own property. Zorn<sup>25</sup> criticized this analysis on the ground that Coase had never even once mentioned O.J.

---

<sup>23</sup> Coase, Ronald, H., "The Problem of Social Cost," Journal of Law and Economics, October 1960, Vol. 3, pp. 1-44.

<sup>24</sup>Block, Walter, "O.J.'s Defense: A Reductio Ad Absurdum of the Economics of Ronald Coase and Richard Posner," European Journal of Law and Economics, 1996, Vol. 3, pp. 265-286

<sup>25</sup> Zorn, David J., "Defending Coase Against False Charges: A Comment on Block," European Journal of Law and Economics, 1996, Vol. 3, pp. 287-289

Simpson or his wife. In my reply<sup>26</sup> I make the point that Zorn, as is the case for Jones, ignores the reductio ad absurdum mode of argumentation; that just because, forsooth, Coase never contemplated the Simpson murder trial does not preclude me from using it to test the implications of Coase's theory of property rights.

A third example. Advocates of the minimum wage maintain that this legislation places a floor under wages, and the higher the floor the better for the poor and unskilled. They have in mind raising the minimum to, say, the \$7 - \$10 per hour range. A reductio against this idea is to offer to raise the minimum wage to \$100,000 per hour. At this level it is obvious that no one at all would be employed. Of course, defenders of this legislation never had in mind anything as grotesque as raising it to this level. They would object to it as being "unlikely," or "too theoretical." But despite such an objection, this constitutes a telling reductio against that position.

Let us now return to the present case, Rothbard's reductio of Mises. It should by now be clear that Jones has no warrant to object to it on the ground that Mises never wrote that economics is only concerned with the long run. Of course, Mises never said that, but this is entirely irrelevant to Rothbard's analysis. Rothbard is employing a reductio against Mises. The latter is on record as stating that even the proponents of high taxes and subsidies and price controls do not welcome the capital dissipation, poverty and shortages that will result from these policies. Therefore, once they become acquainted with these inevitable results through a study

---

<sup>26</sup> Block, Walter, "Private property rights, economic freedom, and Professor Coase: A Critique of Friedman, McCloskey, Medema and Zorn," forthcoming

of economics, they will cease and desist from advocating them. But Rothbard pithily focuses on consumers with high time preferences; even if they are fully cognizant of economic law, they may still favor these government interventions on the ground that the negative effects will appear only after some time has passed, and that with their high rate of time preference, they will heavily discount these adverse repercussions.<sup>27</sup>

#### E. Citizen

Jones quite accurately reports that Rothbard's next critique of Mises concerns the latter's stance as citizen. If the economist qua economist cannot make value judgments concerning the economy, he can certainly do so in his capacity as a citizen, says Mises. This author limits his utilitarian vision to making common cause with other citizens in favoring only "peace, prosperity and abundance."<sup>28</sup>

What are Jones' criticisms of Rothbard under this heading?

---

<sup>27</sup> Jones (ms., p. 14) repeats his mistaken notion that economics, as opposed to economists, can have an "aim." He follows this up with a gratuitous insult of Rothbard (pp. 14-15): "One conjectures from (Rothbard's) claim that economics is the handmaiden of ethics that he wanted to use economics to support his recent 'ethics of liberty' (Rothbard 1978, copyright 1973)." To charge that Rothbard would purposely pervert his theories in an effort to sell books must rank high amongst the most foul affronts ever published. This is particularly offensive in view of Rothbard's life which was devoted to pure scholarship. Further, Jones is mistaken in his attribution to Rothbard of the view that "economics is the handmaiden of ethics." Very much to the contrary, Rothbard held that proper economics was *vertfreiheit*, or value free (see Rothbard, 1975, footnote 3, *supra*). Jones is confusing this with Rothbard's thesis that *value laden* economics, or public policy recommendations, *should be* the handmaidens of ethics. For Rothbard, value free economics stands on its own, without needing any scintilla of help from ethics. But he inveighed mightily against economists using their professional standing to urge public policies fraught with ethical considerations; he maintained that if they wanted to adhere to proper scholarly canons, they should either cease and desist, *or* base their counsel on explicit ethical considerations.

<sup>28</sup> Rothbard, 1976, p. 105.



He starts off by complaining of the fact that “Rothbard presented no evidence that Mises, the citizen, is a utilitarian.” This is more than passing curious, for Rothbard presented no evidence, either, that Mises was an economist, a man, or, for that matter, even a citizen. And yet his utilitarianism, never denied by Mises, is probably almost equally well established as these other characteristics. Were Rothbard to have documented such matters, and even Jones himself concedes that “Mises’s support for the ideology of laissez faire ... was not based on utilitarianism,”<sup>29</sup> space limitations would have prevented him from addressing the issues in question. In somewhat of a turnabout, Jones mentions that Mises supports the populace in its quest for “earthly ends,” economic “progress,” e.g., for “food, clothes, homes and other material amenities.”<sup>30</sup> This leads to an obvious response: “If this isn’t utilitarianism, then what is?”

Next, Jones mentions Rothbard’s incisive critique of Mises: “What *could* Mises reply to a majority of the public who have indeed considered all the praxeological consequences and still prefer a modicum - or, for that matter, even a drastic amount - of statism in order to achieve some of their competing goals?”<sup>31</sup> Rothbard shows that in addition to yearning for “peace, prosperity and abundance,” the average citizen *also* wishes to indulge in envy by promoting egalitarianism, thinks, a la Galbraith<sup>32</sup> that we have excessive wealth which ought to be reduced, and “may prefer to loot the capital of the rich or the businessman in the short run, while

---

<sup>29</sup> Jones, ms., p. 15.

<sup>30</sup> Jones, ms., pp. 15-16.

<sup>31</sup> Jones, ms., p. 16 mistakenly cites this as Rothbard, 1976, p. 104. This quote actually appears on Rothbard, 1976, p. 106. Emphasis added by present author.

<sup>32</sup> Galbraith, John Kenneth, The Affluent Society, Boston: Houghton-Mifflin, 1958.

acknowledging but dismissing the long-run ill effects, because they have a high time preference.”<sup>33</sup>

According to Rothbard, “The only reply that Mises *could* make within his own framework was to point out that government intervention has a cumulative effect, that eventually the economy must move either toward the free market or toward full socialism...”<sup>34</sup> And the trouble with this, according to Rothbard, is that while many interventions are cumulative, not all of them are, and, in any case, time preferences or other goals (e.g., for egalitarianism) might well lead the general public in the wrong socialistic direction.

And how does Jones’ criticize Rothbard in this regard? He states: “Rothbard’s discussion about how Mises *would* respond to such a case is speculative and, I believe, wrong.”<sup>35</sup> Jones then goes on to relate Mises’ actual writings, or lack thereof in some cases, concerning such things as price controls, further interventions to cure the difficulties created by the first round of price controls, income redistribution, market failure, jointness in demand, public goods, non excludability, roads, etc. This is all very interesting, and constitutes an informative exegesis into the writings and philosophy of Mises.

But it is all beside the point.

It is my contention that Jones and Rothbard are passing each other as do “ships in the

---

<sup>33</sup> Rothbard, 1976, p. 106.

<sup>34</sup> Rothbard, 1976, p. 106. Emphasis added by present author.

<sup>35</sup> Jones, ms., p. 15. Emphasis added by present author.

night.” That is, to mix my metaphors, the two of them are operating on different wavelengths. And since it is Jones who is criticizing Rothbard, his failure to come to grips with what Rothbard was actually saying precludes Jones from succeeding in this attack. In the previous paragraphs I have purposefully emphasized the word “could” for quotes from Rothbard, and “would” for those from Jones. That is to say, Rothbard is asking the question, if Mises is to remain true to his other writings, and, also, to his views that as a “citizen” he is free to make public policy pronouncements of a value laden nature, how is he forced by the laws of logic to respond to Rothbard’s challenge to respond to citizens who understand praxeological economics and still prefer a modicum or more of interventionism. Rothbard answers this question for Mises in terms of cumulation of interventionistic error, and finds fault with it because not all errors are cumulative, and even those that are can be ignored on the ground of time preference and desires for egalitarianism.

Jones, in attempting to refute Rothbard, is not even on the same ball field. Instead of asking how Mises (logically) *could* answer the Rothbard challenge, he looks at how he *would*, interprets this in terms of how Mises actually *did* discuss this and related topics, and reports to us in this vein. But Rothbard was asking a contrary to fact conditional: given that Mises never did address this issue, what answers are logically open to him. *Of course* this is “speculative.” It *has* to be, since Mises never directly confronted this issue. It cannot be denied that Mises wrote intensively about the positive issue of whether government intervention is cumulative, but not in the context of whether or not a praxeologically sophisticated citizen would perforce have to oppose it. Jones fails to refute Rothbard because, not knowing what Rothbard said, he could not even directly confront him.

## F. Discursive reasoning

Mises' third attempt to square the circle was to demand that those who denigrate private property rights and free markets not do so on the basis of "arbitrary, allegedly ethical standards."<sup>36</sup> Rothbard replies, quite definitively, that

"Mises would have to concede that no one can decide upon *any* policy whatever unless he makes an ultimate ethical or value judgement. But since this is so, and since according to Mises all ultimate value judgments or ethical standards are arbitrary, how then could he denounce these *particular* ethical judgments as 'arbitrary'?"<sup>37</sup>

And what is Jones' refutation of Rothbard? He states: "Rothbard took Mises's statement out of context. In the cited passage, Mises was not referring to the use of discursive reasoning to evaluate a *public policy*. Instead, he was referring to its use in evaluating the logic of the *proposals advocated by others*, (such as) the advocacy of capitalism and socialism"

But this objection is difficult to understand. Yes, there is a difference between the phrase "public policy" and "proposals." They are not exactly synonymous in all situations. On the other hand, in the context of the present discussion, there is not a "dime's worth" of difference between them. Indeed, they can surely be used interchangeably. If a proposal for or against socialism or capitalism is not a public policy, I do now know what is.

Did this passage not appear in the pages of a prestigious journal, I would find it onerous to have to make such a reply. But since it did, I cannot forbear.

---

<sup>36</sup> Rothbard, 1976, p. 108; Mises, Ludwig von, "Epistemological Relativism in the Sciences of Human Action," in Relativism and the Study of Man, Helmut Schoeck and J.W. Wiggins, eds., Princeton, N.J.: Van Nostrand, 1961, p. 133; reprinted in Richard Ebeling, ed., 1990, Money, Method and the Market Process: Essays by Ludwig von Mises, The Netherlands: Kluwer Academic Publishers.

<sup>37</sup> Rothbard, 1976, p. 109.

### G. Rothbard's misinterpretation of Mises

This is a rather tendentious section of Jones' paper. It is useless to speculate about *why* Rothbard misinterpreted Mises when in fact he did not. But to add insult to injury, Jones interprets Rothbard as some sort of mathematical economist, who focuses only on equilibrium states at the expense of market process, and presumes to lecture him about the failures thereof. Contrary to Jones, Rothbard's entire career as an economist was predicated upon just the points made by Jones in this section. It is exceedingly curious that an Austrian economist of Jones' stature would not realize this.

### H. Conclusion

There are several errors committed by Jones in his conclusion.

First, he states "Rothbard argued that economics is the value free handmaiden of ethics."<sup>38</sup>

Can one logically defend laissez faire capitalism without recourse to value statements in the premises of the argument? Rothbard says No. At best, one can state that free enterprise leads to peace and prosperity, and that socialism to the very opposite, but without a normative base, why ever should the former be preferred to the latter? One can say that most people do prefer these goals, and thus must favor the economic freedom which alone makes their attainment possible, but, again, there is no necessity for such preferences. A man fully steeped in the niceties of Austrian economics might still reject these ends, and not be forced to endure the pain of self contradiction. Mises did not succeed in defending these notions, and Rothbard's

---

<sup>38</sup> Jones, ms., p. 22.

criticism remains impregnable, at least to the attempts of Jones to render them asunder.