Economic Freedom and Interventionism: An Anthology of Articles and Essays. By Ludwig von Mises. Selected and edited by Bettina Bien Greaves. Irvington-on-Hudson, New York: Foundation for Economic Education, 1990.

Admirers of Ludwig von Mises will welcome this new collection of 46 articles and essays, most from the 1950s and 1960s, many rescued from obscure publication, and some recently translated into English. The titles of the book's subsections, "Economic Freedom," "Interventionism," "Mises as Critic," and "Economics and Ideas," remind us that Mises dealt with the big issues. Except in the final section, the individual selections are short and pithy; but throughout the book and with variation in context and level of abstraction, Mises makes the strongest and most fundamental case in favor of a market economy and against socialism and interventionism.

Characteristically, Mises has no patience with those who seemingly feign ignorance of economics in order to bolster their case for central control or those who flaunt their ignorance in some misdirected criticism of the business community. He condemns these detractors roundly and brands them as hypocrites, idle babblers, and ignoramuses. But Mises has near-infinite patience with the layperson who is eager to understand economic principles. He argues both explicitly (e.g., pp. 157 and 179) and by example that writing for the layperson is an important task that economists must undertake. Unlike experts in the natural sciences, who can apply their knowledge without soliciting the understanding and sympathy of the general citizenry, experts in the field of economics must educate the public. We can have market solutions to economic problems only if the participants in our political process can see through the fallacies of socialism and interventionism and accept the outcome of the market process.

Economists must also be able to converse with one another over the full range of economic issues. Mises emphasizes the

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interconnectedness of economic phenomena when he writes that "Economics does not allow any breaking up into special branches" (p. 55). Here, the modern reader can take Mises's "does not" for an "ought not." The actual breaking up of economics into separate fields and subfields together with the insular nature of these highly specialized areas of concentration demonstrates, by its mocking contrast, the essential unity of economics.

Several of Mises's essays are linked substantively by recurring themes: The market does not favor big business or even business in general; it favors consumers. By their choices in the marketplace, consumers decide whether a business can get big, stay big, or stay in business at all. Consumers are sovereign in a market economy: their spending determines what it produces; their saving determines how fast it grows. The choices of consumers also determine indirectly the wage rates of workers. Interventionists who would override the market process that ties labor income to consumer spending and grant workers a larger share of business renevues on the basis of their proclaimed productivity misconceive the relationship between capital and labor. They fail to recognize that changes in labor productivity are attributable not to labor itself but to the capital that gives labor its leverage. To divert income away from capital and towards labor would be to discourage capital accumulation and hence to halt the increases in labor productivity that supposedly justified the income diversion. Mises identifies institutions that preserve ownership rights and maintain a sound monetary system as the essential prerequisites for encouraging saving, which finances capital accumulation, which makes labor productive, which maintains high living standards for the Western countries and distinguishes them from the underdeveloped countries.

The ultimate choice faced by the social scientist as citizen—and by the general citizenry—is the choice between a market system and a socialist system. Mises argues in terms of this either-or choice with great rhetorical effect using both overstatement and understatement. He argues (p. 55) that there can exist no middle way in the form of interventionism. The political dynamics of any such mixed economy result in either (1) interventionist policies pursued to the extreme of socialism or (2) the wholesale abandonment of interventionism in favor of the market system. In discussing a particular interventionist policy, farm subsidies enacted for the benefit of the independent farmer, Mises remarks in mid-paragraph (p. 209) that "One cannot subsidize a man to render him independent."

Though writing decades ago, Mises incorporates into his arguments many economic theories that have emerged full-blown only in

recent years. He anticipates the kernel of truth in so-called rational expectations theory by criticizing Keynes for his implicit belief that inflation can deceive the public persistently and systematically (p. 72); he anticipates a key aspect of supply-side economics and its Laffer Curve in noting that governments resort to inflation when tax rates have been pushed beyond the point of maximum returns (p. 103). The reader will encounter several such passages which establish Mises's ideas as precursors of now-fashionable insights.

If there is a weakness that characterizes this collection of essays, it is Mises's tendency to underestimate the enduring appeal of the ideas he criticizes. For instance, he writes (p. 140) that "As an economic doctrine, Keynesianism is now [1964] dead" and (pp. 120–21) that with the posthumous publication of the third volume of Marx's *Das Kapital* [1894], "the essential dogma of the Marxian philosophy, the class conflict doctrine. . . , was unmasked as a flop." But even now, as much as then, Keynesian doctrine is still alive, and Marxian doctrine still masquerades as high theory. In fact, these two doctrines (Keynesian demand failures and Marxian class conflict) plus the equally fallacious Ricardian production theory have all been combined to produce the present-day Post Keynesianism.

Today, as always, the general citizenry needs to understand economic principles and to recognize economic fallacies. The champions of freedom, Mises reminds us, can win out only through economic education. Students of Misesian economics will recognize Mises as the champion of champions and will be grateful to Bettina Bien Greaves and the Foundation for Economic Education for giving these essays and articles a new life.

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