

CORRESPONDENCIA PRIVADA ENTRE EL PROF. MURRAY N. ROTHBARD Y EL PROF. JESÚS HUERTA DE SOTO, 1993-1994*

Príncipe de Vergara, 38

28001 MADRID (Spain)

Tlf.: 91 435.59.80

Fax: 91 431.40.95

E-mail: huertadesoto@dimasoft.es

<http://www.jesushuertadesoto.com>

February 26, 1993

Dr. M. N. Rothbard

316, W. 88th Street, 2E

NEW YORK, N.Y. 10024

Dear Murray,

Please find enclosed a copy of my book "Socialismo, Cálculo Económico y Función Empresarial" which has been recently published in Madrid, Spain.

In this book I develop a critical analysis of socialism following the subjectivist approach of the Austrian School of Economics, and introducing a new definition of socialism which is based on the exercise of entrepreneurship or human action. Furthermore I review the Debate on the socialist economic calculation from the viewpoint of the new definition of socialism which I propose.

Although I have already almost completed an English version of my whole book, I am advancing you a copy in English of its

* Reproducimos la correspondencia que mantuve con M. N. Rothbard hace treinta años y que he recibido de los biógrafos oficiales de Rothbard como agradecimiento a mi remisión a los mismos del manuscrito de *La ética de la libertad* que Rothbard me regaló durante su estancia en Standford. (Estas cartas sin duda están en mis archivos pero me sería muy costoso encontrarlas). El lector apreciará la suma importancia de las mismas y, en especial, de la de 1 de junio de 1994 (pp. 549 y ss.) donde Rothbard explica con detalle la esencia del movimiento "paleolibertario" al que él pertenecía (y yo también). Además, el lector podrá seguir la preparación de la visita de Rothbard a España que, lamentablemente, se frustró por su repentina muerte a principios de 1996. Jesús Huerta de Soto.

chapter 3 which will allow you to better evaluate the content of my own research.

I would appreciate very much if you could give me some advice regarding the future publication of the English version of my book, and/or its chapter 3, as a separate article in a suitable journal.

Looking forward to hearing from you I remain,

Yours sincerely,

A handwritten signature in dark ink, reading "Huerta de Soto" with a stylized flourish at the end.

P.S.: I am also enclosing a syllabus of the course on Austrian Economics which I teach in the University of Madrid since 8 years ago.

Murray N. Rothbard
8916 Waterford Lane
Las Vegas, Nevada 89119
Phone (702) 796-8425

April 26, 1993

Mr. Jesús Huerta de Soto
Professor Titular de Economía Política
Facultad de Derecho
Universidad Complutense de Madrid
Madrid, Spain.

Dear Professor de Soto:

Thank you for sending me your fascinating essay, "Economic Analysis of Socialism", and for submitting it to the Review of Austrian Economics.

I particularly appreciate articles submitted to our Review from a European, in your case Spanish, perspective.

There are several problems about publishing it in the RAE, however.

In the first place, it is much too long, and needs to be cut by at least two-thirds. Secondly, by no fault of your own, it fails to take account of new developments in the Austrian School, particularly as relates to your topic of the economics of socialism, that have occurred just withing the last two or three years. During this time, we have come to realize that there are enormous differences, and in fact grave clashes between several schools of Austrian thought, that most people have previously conflated. To be specific, there are three very different and clashing paradigms: the Misesian, notably including Professors Hoppe, Salerno, and myself; the Hayekian, now led by Professor Kirzner; and the Lachmannian, now I suppose led by Professor Lavoie, although with the death of Lachmann the interests of the Lavoie group seem to have drifted off elsewhere. Before cutting and revising your paper, I would respectfully suggest that you read some of these contributions, led by several articles of Professor Joseph T. Salerno, who has

pioneered in separating out these paradigms and in developing the differences between them. Specifically, the Misesian paradigm stresses "action" and "choice", and, in the socialist area, "calculation"; Hayek-Kirzner, "discovery" and "knowledge"; the Lachmannian, lack of knowledge and total uncertainty.

Recommended reading in this area: my own Mises Institute Working Paper, The Present State of Austrian Economics, my "The End of Socialism and the Calculation Debate Revisited" RAE, V, #2 (1991), and the following essays of Professor Salerno: "Postscript: Why a Socialist Economy is Impossible," in Mises, Economic Calculation in a Socialist Commonwealth (Mises Institute, Auburn University, 1990); "Ludwig von Mises as Social Rationalist," RAE, IV (1990); and Salerno, "Mises and Hayek Dehomogenized," Review of Austrian Economics (forthcoming.)

Ordinarily, I would not be pedantic about including new articles, but this new development is extraordinarily important for the understanding of Austrian economics and the different strands within it.

Finally, should you decide to submit a revised article (which I very much hope you do), please send it not to me, but to Mrs. Judith F. Thommesen, Managing Editor, Review of Austrian Economics, Mises Institute, Auburn University, Auburn, Alabama 36849

Sincerely yours,

Príncipe de Vergara, 38
28001 MADRID (Spain)
Tlf.: 91 435.59.80
Fax: 91 431.40.95
E-mail: huertadesoto@dimasoft.es
<http://www.jesushuertadesoto.com>

Madrid, January 28, 1994

Prof. Murray N. Rothbard

University of Nevada
Las Vegas
Nevada 89154 (U.S.A.)

Dear Murray:

It was wonderful to meet you and Jo Ann in Rio de Janeiro last September. My wife Sonsoles send you her best regards as well as the pictures which I enclose.

As I already advanced you in Rio, I organized in Madrid a conference in honour of Ludwig von Mises to commemorate the 20th anniversary of Madrid (City Major) and more than 300 people and 13 speakers attended the different seminars from November 30, 1993 through December 1, 1993. I enclose several materials on this conference, probably the first one organized in honour of von Mises entirely financed by the government! (Would von Mises, agree?) I hope that you will be able to write a small reference of this conference for the *Free Market*.

I am enclosing also a paper (with the corresponding hard diskette for wordprocessor treatment – please do not think that I am like “Mr. Hightech” Friedman!) on “A Critical Analysis of Central Banking and Fractional Reserve Free Banking from the Austrian School Perspective”. In this paper I support your position on 100% banking from a Continental European Law perspective, specially criticizing the fractional reserve free banking theorists (White, Selgin, Dowd, et al). I hope that you will forgive me some positive comments on Hayek and will consider that my paper is suitable for publication at the *Journal of Austrian Economics* (I would consider it a great honour).

Finally two additional matters. First of all Union Editorial (a well known libertarian publisher of Madrid) us a considering to publish the Spanish version of one of your most important books (for instance "The Ethics of Liberty"). Would you agree with the project? Which title would you recommend? Please advise to whom we should contact to negotiate the corresponding copy rights. Second, our university (Complutense University of Madrid) is planning to organize an International Meeting on Anarchism and Libertarianism (probably for next Spring or 1995 Spring). Would you consider the possibility of attending this meeting with complete expenses allowance? If you want we could also organize a visit to the University of Salamanca (I think you told me this visit was an old dream).

Well Murray, I hope that Jo Ann will be feeling well from her allergy and that you will keep fighting for liberty.

Best regards,

A handwritten signature in dark ink, appearing to read "Huerta de Soto", with a stylized flourish at the end.

P.S.: I enclose also a syllabus of my course on Political Economy (probably the only state university course in the world using Human Action as text book!). Please see how some of your Works are also required Reading in several sessions.

Murray N. Rothbard
8916 Waterford Lane
Las Vegas, Nevada 89119
Phone (702) 796-8425

March 21, 1994

Mr. Jesús Huerta de Soto
Professor of Political Economy
Universidad Complutense de Madrid
Príncipe de Vergara 38
28001 Madrid
Spain

Dear Jesús:

It was great to receive a packet from you: your letter, pictures, enclosures of your activities, and your article. It was wonderful to meet you and Sonsoles last fall, and the pictures brought it all back. I look back on our time there with great pleasure. Joey is fine thanks; she was OK as soon as she got back to the States and her allergy medicine.

I'm sorry I won't be going to the Hayek meeting of Mont Pelerin at Cannes in the fall; if you're going there, you might meet some of the old friends who will be there giving papers or comments: my colleague Hans-Hermann Hoppe; Ralph Raico, a historian from Buffalo; and Ron Hamowy, of the University of Alberta, also in history. If you meet them, you might mention that you're a friend of mine.

I think it would be great if Union Editorial came out with a Spanish edition of *Ethics of Liberty*. I hold the copyright, and I would be happy to grant the permission; all I ask in return is a copy of the book when it comes out.

An International meeting on Anarchism and Libertarianism sounds great. (It would be nice if you could possibly confine the meeting to "right-wing", pro-property anarchists and libertarians, since I find that we have nothing in common with left-wing anarchists, who are opposed to the State only because they erroneously

think that the State is the main defender of private property! That is, to them private property is the worst of all ills. They also tend to oppose reason and be in favor of “feelings” and avant-garde art as the key to social progress. I remember one time I was on a scholarly political theory panel discussing Anarchism and I was giving a paper about defense agencies in a free society, with A retaliating against B for killing a relative of A, etc., and my left-wing anarchist opponent started crying because he thought that it was “heartless” for anarchists to discuss such topics!)

I’m certainly in favor of attending such a meeting, at least in principle. The best week for me next spring would be during our spring break, which in 1995 will be the week of March 11-19. In any case, it would be great if we would be able to work something out.

Thank for sending your article for the Review of Austrian Economics. It looks very good, but I first would have to ask you to rewrite the article, since the footnotes are much too long and packed with important points, for an American article. In other word, could you rewrite it to incorporate most of the substance in your footnotes into the text? I’m afraid that when the footnotes are bigger than the text, the article will not be read, and I want to maximize the readers’ interest in your article.

Again: great hearing from you, and all my best to Sonsoles.

Best regards,

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Fax: 91 431.40.95

E-mail: huertadesoto@dimasoft.es
<http://www.jesushuertadesoto.com>

May 10, 1994

Prof. Murray N. Rothbard

3916 Waterford Lane

Las Vegas, Nevada 89154 (U.S.A.)

Dear Murray:

Thank you very much for your letter of March 21, 1994. Following your good advise, I have incorporated all the substance of the footnotes of my article on central banks in the main text and made some other minor corrections. I hope that you will now consider my paper acceptable for publication in the Journal of Austrian Economics (Which, as a matter of fact, I would consider to be a great honor). Please find enclosed also the corresponding hard diskette for word processor treatment. I thank you very much in advance for all your cooperation on this matter.

Regarding the projected Madrid conference on right-wing anarchism, please block your agenda for the week you suggested of March 11-19, 1995. In principle the City Hall of Madrid is willing to finance the whole thing (as they did, as I told you, with the Ludwig von Mises conference I organized last November). I hope to give you some more details this next summer.

I have recently received a Spanish translation of your book *For a New Liberty*, prepared by an Argentinian Scholar, and I would like to know your opinion regarding if you prefer that we go ahead with our original project to translate *The Ethics of Liberty*, or if you think it is better to switch to *For a New Liberty*. This last book would be published earlier, as the translation is already available and only needs some minor corrections. Furthermore, it could be published just before your next trip to Spain. The only problem could

arise regarding the copy right (is it held by Macmillan?). Please advise on your "subjective value judgements" on this matter.

Please give my best regards to Joey and take care of yourself.

A handwritten signature in cursive script, reading "Huerta de Soto", with a horizontal line underneath.

Murray N. Rothbard
8916 Waterford Lane
Las Vegas, Nevada 89119
Phone (702) 796-8425

June 1, 1994

Prof. Jesús Huerta de Soto
Professor Titular de Economía Política
Universidad Complutense de Madrid
28001 Madrid
Spain.

Dear Jesús:

Thanks for your good letter of May 10, and for the promptness with which you rewrote your article on Fractional Reserve Banking. I edited the article for English style, and have sent it to the managing editor and to the referees. I greatly enjoyed reading it.

One minor point: I suppose that, in a sense, Hayek's "denationalization of currency" proposal is 100 percent banking; the problem is that it is 100 percent redeemable in itself, that is, in its own phony notes. Thus, in Hayek's scheme, the Rothbard Bank would issue "10 Rothbards", "100 Rothbards", etc., in paper tickets, and they would be "redeemable" in 10 Rothbards, 100 Rothbards, etc. respectively. That gets rid of the fractional-reserve problem, but it leaves one huge problem: who would accept these silly tickets, and use them as money? Since these currency units did not grow out of marketably useful commodities such as gold or silver, they would be accepted by no one – except a few personal friends and relatives of Hayek – not enough to circulate as money.

On which books of mine to publish, any decision of yours is flattering, and is fine with me; I imagine that, since the *For a New Liberty* translation has already been finished, it might be easier for you to begin with that. There is no problem with the copyright, since I myself am the copyright holder. I would suggest that, if you decide to go ahead with *For a New Liberty*, you publish my preface from the 1985 edition, which mentions a couple of my later writings. I am

delighted that you are planning an international right-wing anarchist conference for some time in the week of March 11-19 next year. I have no idea of what specifically you are planning, and I hope you don't think I'm too pushy in making suggestions, but I feel that you might not be familiar with recent developments in libertarian and right-wing anarchist thought in the United States, and of the splits and fissures that have developed. I am simply trying to make sure that the tendency I have been particularly associated with, and which has been developing rapidly and creatively in recent years, has adequate "representation" at your conference.

Specifically: about five years ago, I and a few others split off from the "Official" rightwing libertarian movement, and have formed our own "paleo" right-wing libertarian movement, which has developed rapidly. [You can see that it is not only the Austrian movement that has split into various paradigms!] Specifically, we regard the "official" rightwing libertarian movement as culturally leftist, and this culture has permeated, and increasingly influenced, their ideology. "Left-wing" right-wing libertarians, for example; believe that: "tolerance" of all groups and life-styles is the supreme libertarian virtue; they believe that religion in general and Christianity specifically, is more "oppressive" than the State, and that both religion and the State equally repress the "autonomy" of every individual; they are egalitarians who believe that all individuals and groups are equal, and that it is sinful to "discriminate" against one group in favor of another. In many cases and increasingly, these people whom I have dubbed "Big Government Libertarians" actually favor "antidiscrimination" and "civil rights" laws. They believe also that all individuals and go ups should LOVE one another, and that those of us who are skeptical of this view, or who believe that the glory of private property rights is the right to exclude people we don't like are evil. And these left-libertarians are increasingly in favor of centralized government rule to safeguard rights against "local tyranny", and regional government or even world government power to safeguard rights against national governments.

In contrast: those of us who are "paleos" or "~~extreme~~-right wing" libertarians or anarchists; are anti-egalitarian; we believe that no two individuals or groups are equal and that this is one of the glories of the human race; we glory in the right to exclude as

exercise of the right of property. As in the case of my paper at Rio, we paleos believe in decentralization, and the right of secession, of the path to liberty as always favoring local over central power, and that while property rights are natural and universal, this by no means implies that anyone except a group itself has the obligation to protect its own rights. Thus, we deplore Hutus and Tutsis killing each other in Rwanda and Burundi, but we are strongly opposed to any outside forces: U.S., UN, NATO, etc. leaping in to try to exert power to fix everything up. Let the Hutus and the Tutsis enforce their own rights, period. Further, we believe that while the State is bad, that religion, especially Christianity is good, as are voluntary communities, neighborhoods, etc. For various reasons, Christianity is the individualist and libertarian religion par excellence.

Probably the most tangled of the political issues between the two groups is immigration. We paleos have abandoned our former "open borders" view. Not only because it is deadly in the world of welfare states, but also for cultural reasons. This hit home to me as the Soviet Union was breaking up, and I realized that the poor Latvians and Estonians could not simply allow free immigration or one-person-one-vote if they did not want to see their entire culture and language wiped out by Russians who had been sent there by Stalin for that purpose. On thinking about this further, I realized that even in strict anarcho-capitalist theory, in a country where all land areas, streets, roads, etc. were private, immigration would not be "free" because no one could be invited onto any private property unless by the consent of the property owner, be he landlord, employer, etc. And also: that in an anarcho-capitalist world, there would, as I indicated in my Rio paper, be private proprietary neighborhood communities, who would decide rules of admission to their proprietary land area. So that I realized that what in the present world is "free immigration" is really the central government of, say, the U.S., forcing unwanted immigrants into local streets, roads, and neighborhoods.

On forming this "paleolibertarian" movement, we began a dialogue with "paleoconservatives", and we found with remarkable speed, that we all agreed on essentials, and rapidly formed one movement. Essentially, the "paleolibertarians" happily embraced "cultural conservative" perspectives and the "paleoconservatives" rapidly became fervently anti-State. To give you an idea: Dr.

Thomas Fleming, a brilliant and erudite classicist and social philosopher, editor of *Chronicles* and a leading “paleoconservative”, while not especially versed in economics, has rapidly reached the point where he in effect advocates a “right-wing anarchy”, an eloquent version of “extreme right-wing anarchism”.

Permit me, then, to list a group of brilliant scholars who are all right-wing anarchists of the paleo sort, or else close fellow-travelers and sympathizers, whom I would urge you, if at all feasible, to invite to your conference. What I’ll do now is simply list each one with his affiliation; if you are interested, I will be happy to supply you with more information on each one:

Prof. Walter Block, Dept. of Economics, Holy Cross College, Boston; Prof. Bruce Benson, Dept. of Economics, Florida State University; Dr. Allan Carlson, president, Rockford Institute; Dr. Thomas Fleming, editor, *Chronicles*; Dr. Samuel Francis, Washington Times; Dr. David Gordon, Ludwig von Mises Institute; Prof. Paul Gottfried, Dept. of Politics, Elizabethtown College; Prof. Ronald Hamowy, Dept. of History, University of Alberta; Prof. Hans-Hermann Hoppe, Univ. of Nevada, Las Vegas; Prof. Ralph Raico, Dept. of History, State Univ. College, Buffalo; Llewellyn Rockwell, Jr., President, Ludwig von Mises Institute; Prof. Joseph Salerno, Dept. of Economics, Pace University; Jeffrey Tucker, Ludwig von Mises Institute. I would also urge an invitation to Burton Blumert, president, Center for Libertarian Studies; Dr. Larry Eshelman, a philosopher who wrote an excellent recent article on “Mises on Principle” in the *Review of Austrian Economics*; and Emmett McAuliffe, and attorney and radio talk-show host from St. Louis.

I am sorry to be swamping you with these suggestions, but it is just that I am so enthusiastic about the possibilities of your projected conference.

Warmest regards,

Murray Rothbard

P.S. I have no idea how many people you have in mind to invite to the conference, so that if only inviting a few of the above would be feasible, I would certainly understand.

Príncipe de Vergara, 38

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Fax: 91 431.40.95

E-mail: huertadesoto@dimasoft.es

<http://www.jesushuertadesoto.com>

Cannes, Sept. 30, 1994

Dear Murray:

It has been a great pleasure to meet personally Hans H. Hoppe in the Mont-Pelerin General Meeting here in Cannes. Although he will inform you that the meetings were not very deep and interesting, for the Mont Pelerin Standards (you know that they are quite low) were "very" Austrian. Furthermore in this meeting, for the first time, we had the great pleasure to see the Chicago people in a minority and defensive position! What a difference with the M.P. Meeting held in Berlin in 1983 when we met together!

I have been informed by our prospect sponsors that the projected libertarian seminar of Madrid should be postponed to 1996. I am very sorry that it cannot be organized sooner, as initially planned. In any case, I hope that you will be available for March 1996. Please advise me if that is true or not, and when your best dates are.

Regarding the publication in Spanish of your books we finally decided to begin with "The Ethics of Liberty", which is currently being translated into Spanish and we plan to have it printed around the first quarter of 1995.

Well Murray, I hope that Joanne will be all right and my wife Sonsoles send also to both of you her best wishes.

Best regards

A handwritten signature in dark ink, appearing to read "Huertadesoto 26.6.", with a horizontal line under the name.